ESTABLISHED 1887

PARIS, MONDAY, NOVEMBER 2, 1987

leagan Aide Sees enate Ratification f Arms Agreement

By Don Oberdorfer Vashington Post Service ASHINGTON — President

d Reagan's national security er. Frank C. Carlucci, predict-Sunday that the "98 percent" lete U.S.-Soviet treaty banmedium- and shorter-range ar missiles would win Senate ration, but a leading Senate parat warned that legislative ments could kill the treaty.
think it will be ratified," artucci said, referring to the nediate-range nuclear forces that Mr. Reagan and Mik-Gorbachev are scheduled to at their Washington summit ing beginning Dec. 7.

eaking on the NBC program a The Press," Mr. Carlucci the verification arrangement, h has been a major point of se in the Senate, will be "the intrusive in the history of control and I think the senawill be pleased when they see

at Senator Alan Cranston, accrat of California, who said expects to support the treaty, d doom the pact by attaching ecceptable reservations or ndments about such matters as hanistan, Jewish emigration or hance with other treaties. # Ronald Reagan can't get this d of modest treaty through the ate, I don't know when any perican president will be able to

otiate successfully with the So-

viet Union." Mr. Cranston said. "That could doom us to a very dangerous, escalating, costly arms race, in terms of many, many

The Senate Republican leader, Bob Dole of Kansas, who said he hopes to be on Mr. Reagan's side in favor of the treaty, defended the Senate's prerogatives in legislating on the subject.

"We have a role to play, it ought to be a constructive role," Mr. Dole said. "The Senate is not just to rubber stamp treaties. We are supposed to go through the process, have the hearings, improve them where we can, and we're going to be an active participant in that."

The senators expressed uncer-tainty whether the United States and the Soviet Union would be able to complete a more sweeping and important treaty slashing strategic, or long-range, weapons by 50 percent in the near future. A joint statement Friday pledged Mr. Reagan and Mr. Gorbachev to work toward the signing of such a treaty in Moscow in the first half of 1988.

"I hope they don't rush to judgmed that conservative Republi-is allied with other senators said Mr. Dole. Mr. Cranston said the Senate would have to move swiftly next year on ratifying the medium-range treaty if a strategic arms pact was to be completed.

Assistant Secretary of State Rozanne L. Ridgway, who was inter-viewed on the ABC program "This Week," expressed optimism on the basis of recent U.S.-Soviet discus-

leltsin Affair Proves Delicate for Gorbachev

By Philip Taubman
New York Times Service MOSCOW -- On Saturday eveg, Soviet newspapers received a ort from the news agency Tass t Boris N. Yeltsin, head of the scow party organization and a

ed Soviet editors that it was threatened to resign. hlish" the information.

The abrupt turnabout was an ination of the sensitivity and volaty of an affair that has posed a icate political problem for Mikil S. Gorbachev and given the taide world a rare glimpse of fricas in the Kremlin.

Mr. Yeltsin stunned the party idership Oct. 21 at a Central omnittee meeting by complaing about what he saw as the slow

Kiosk Malaysia Holds 91 Dissidents

KUALA LUMPUR, Malaysa (UPI) — Three more per-ms were arrested Sunday as a breat to national security, singing to 91 the total number is political and social dissidents oprehended in a government rackdown to ease racial ten-

One of the three arrested was Junad Sebi Abu Bakar, manging director of a television tion owned by the dominant dalay political party. The other o were social workers.



dovement of U.S. peronnel at Clark Air Base ill be restricted after purders of three Amerians last week. Page 3.

ENERAL NEWS

In Colombia, uncontrolled vience is breeding a deep sense helplessness Page 5. helplessness. PORTS

Eric Dickerson, the top NFL uner, made his debut as a lt as Indianapolis defeated New York Jets. Page 19.

Special Today

Dutch are grappling with asses of a complex social faband strains of an economy uggling to regain its balance. special report, pages 7-12.

pace of change and questioning Mr. Gorbachev's leadership, Soviet

Mr. Yeltsin's actions were reported in Western newspapers last week but have yet to be mentioned in the Soviet press. According to woting member of the Polithu- the Tass account that was censored, of to resign at a recent a senior party official. Anatoli F.
Lukyanov, said at a news confereteen minutes later. Tass ad- ence Saturday that Mr. Yeltsin had

The affair has demonstrated that underneath the talk of openness and unfettered political discourse there are still stringent limits on debate, even at the highest levels.

It has also underlined that there are two standards of glasnost, or openness: one for Western consumption, and a more restrictive

one within the Soviet Union. The most pressing concern for Mr. Gorbachev is how to resolve the affair without giving encouragement to opponents and without appearing to tolerate insubordina-

tion, Soviet officials said. Mr. Yeltsin, until his outburst, was considered one of Mr. Gorbachev's firmest supporters and a leading advocate of the changes the

Soviet leader has introduced. There are differing accounts of what Mr. Yeltsin said, but all agree that he complained that the pace of change was too slow and that he could no longer work in conditions that frustrated the urgent need to

reshape society. In a dramatic appearance that startled the committee and angered many members, officials said, Mr. Yeltsin also complained that Mr. Gorbachev was permitting a cult of personality to develop around him. There are few more politically explosive allegations in the Soviet

Union because of the association with Stalin. If Mr. Gorbachev accepts Mr. Yeltsin's resignation, he will be removing from the important Moscow party organization a leader

who came to personify efforts to revitalize party and government.

Mr. Yeltsin's removal would be a victory for Mr. Gorbachev's opponents and might be taken as a signal that Mr. Gorbachev's allies can

be driven from power. The alternative, arranging for Mr. Yeltsin to keep his job, would mean condoning actions that apparently exceeded acceptable limits

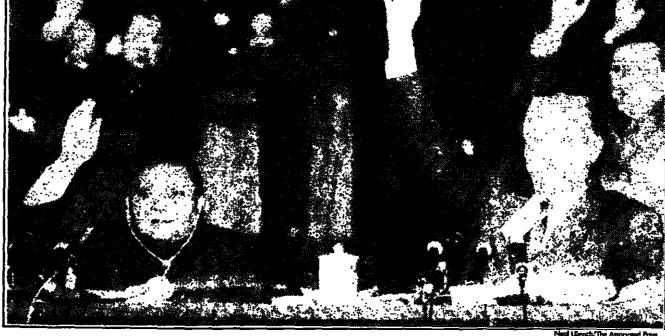
of dissent and spontancity. In confirming Western news re-ports about Mr. Yeltsin's behavior, Mr. Lukyanov, a Central Commit-tee secretary, said Saturday that the Moscow party chief had made "erroneous assessments" and "politi-

cal mistakes." In recent months, Soviet officials have often reported that Central Committee meetings, in a sign of the changing times, were now char-acterized by vigorous debate and that no one was penalized for ques-

tioning Mr. Gorbachev. Noting the tendency in previous years to report that all decisions were unanimous, Abel G. Aganbegyan, Mr. Gorbachev's top economic adviser, wryly said after a committee meeting in June, "The only place there is unanimity is a

Mr. Lukyanov's remarks suggested, however, that Mr. Yeltsin had crossed the line of acceptable

In July, Mr. Gorbachev staked dissent. See SOVIET, Page 4



Deng Xiaoping, left, and Zhao Ziyang voting at the close of the Chinese Communist Party congress in Beijing on Sunday.

Turn to Cut In Benefits

By Tom Kenworthy

Washington Post Service
WASHINGTON — Congressional leaders and Reagan administration officials who are negotiating a budget compromise are discussing a proposal to limit cost-of-living increases on federal benefit programs, including Social Security, and to increase revenues by limiting the indexing of federal income taxes, according to sources familiar

One official said the proposal, dubbed the "2-percent solution," would eliminate the first 2 percent on cost-of-living allowances on retirement and veterans' benefits that normally accrue because of inflation, and exempt from indexing the first 2 percent of individuals in-

It is unclear how much of an impact on the deficit such a pro-posal would have, but it would be substantial, particularly after the

Other officials said the proposal of alternatives that could lead to at least a \$23 billion reduction in the deficit this year and additional sav-

ings next year.
"It's not at the point where it's serious," that official said. "It's one of many things that are are being discussed and is no closer to fulfillment than anything else."

Any plan that would reduce costof-living allotments to Social Security recipients and civilian and mil-itary federal retirees is likely to encounter significant opposition, particularly among House Democrats who are already frustrated by what they see as the Reagan administration's continued inflexibility on raising taxes.

Sources said that the administration negotiators have been willing to offer higher revenues only in the range of those offered in the president's own budget, or about \$6 billion. The negotiators include Treasury Secretary James A. Baker 3d: the White House chief of staff. Howard H. Baker Jr., and the budget chief, James C. Miller 3d.

Until the administration is prepared to discuss taxes close to the \$12 billion already approved by the House and a Senate committee, one source indicated, congressional Democrats are unlikely to bend on reductions in entitlement programs such as retiree benefits.

In addition, any proposal includ-ing reductions in Social Security cost-of-living increases runs counter to the ground rules set for the talks by Mr. Reagan.

In agreeing to meet with congres sional leaders following the stock market collapse, the president said he was willing to put everything on the table except Social Security.

Some congressional negotiators are pushing for another meeting with Mr. Reagan early this week in the hope that a face-to-face encounter would make the adminis-See BUDGET, Page 4

Pickens a Loser In Market Crash

WASHINGTON -T. Boone Pickens, a self-proclaimed "big winner" of the stock market crisis, said Sunday that he was not a big winner after all.

In an interview, he said he lost 25 percent of his net worth in the 508-point market collapse on Oct. 19, while Ivanhoe Partners, an investment group he heads, lost \$200 million.

The day after the collapse, Mr. Pickens had said that he had been out of the market "for some time personally." On Sunday, he admitted, "Personally I lost about \$28-\$30 million."

Budget Talks Stock Fall Convinces U.S., Partners That Dollar Stability Was No Solution

By Peter Kilborn New York Times Service

WASHINGTON - The United States and other leading nations have concluded that the importance they placed on keeping the dollar stable was excessive and probably a mistake, according to many officials of the countries.

The stock market crisis has demonstrated the failings of the policy, those officials say. Contrary to their expectations, dollar stability has done next to nothing to help rid the countries of substantial distortions in the world economy.

The experience has persuaded those nations' top economic officials to pay less attention to their currencies for now. Instead, they say they want to cooperate in dealing directly with the failings in each economy that hurt the others. If they can manage that, they say, currencies should largely take care of themselves.

Alan Greenspan, the chairman the Federal Reserve Board, finance ministers and central bank-

MONDAY O&A

Henry Kaufman, of the

largest U.S. investment

banking firm, sees the

dollar stabilizing around

1.60 to 1.70 Deutsche

Major Events

For Markets

Coming Up

By David A. Vise

trimming the U.S. budget delicit.

move up or down.

signs of cooperation.

cutting its key discount rate.

on Wednesday and \$4.75 billion in

On Wednesday, the auto indus-

try will report how many cars were sold in the 10-day period that in-

cludes Oct. 19, when the market

took its record fall. (See page 13.)

30-year bonds on Thursday.

Page 15.

shares this view, unlike his predecessor, Paul A. Volcker, according to economists who know both men well. Treasury Secretary James A. Baker 3d, an author of the stabledollar policy, appears to be moving that way too.

An economic official at the West German Embassy in Washington said that the key word now in currency arrangements is "flexibility." Even the French, the staunchest advocates of currency stabilization arrangements, see little use for them at present outside Europe.

A search for new policies is well under way, mostly over telephone lines linking the nations' capitals.

This search may conclude in an agreement on commitments that would be made at a meeting. A time has not yet been designated, but a meeting possibly could be held as soon as the end of this week, according to officials interviewed

in Washington and abroad.
The participants would be the

West Germany, France, Britain, Italy and Canada, an informal association known as the Group of Sev-Officials of the countries, all of

whom spoke anonymously, said that any effective agreement would hinge on the bipartisan talks between Congress and the White House on reducing the federal budget deficit, the cause most often cited by other countries for the turmoil in the markets. An accord also would hinge on

whether Mr. Baker and Mr. Greenspan decide they have something persuasive to offer other countries in bargaining for policy change

A meaningful accord would depend as well on West Germany, which economists say has done less than any other country to alter do-mestic policies that inhibit growth in other countries.

West Germany has reduced interest r, as slightly in recent days S. DOLLAR, Page 4

Rift on Growth Policy **Grows in West Germany**

By Ferdinand Protzman FRANKFURT - A split ap-

pears to have developed among West German economic officials on the need for a more expansive monetary policy to cope with disruption in financial markets and to placate international demands for quick action to relieve global trade

That apparent rift was underscored Sunday, when Economics Minister Martin Bangemann rejected the need for expansionary measures. He said he still expected the nation's economy to grow be-tween 2 and 2.5 percent in 1988, despite the market turmoil.

Leading industrialized nations. most notably the United States, have long argued that Bonn should act as a motor for world economic growth by taking steps to stimulate consumer spending.
Finance Minister Gerhard Stol-

tenberg has bowed to the pressure, saying last week that Wesi Germany was reconsidering its policy on interest rates. His statement came Wednesday, when the falling dollar drove the Frankfurt stock market's leading index down by 5.6 percent. Mr. Stoltenberg, a member of Chancellor Helmut Kohl's Chris-

Washington Post Service
WASHINGTON — For most of
the world, the focus this week will be tian Democratic Party, reiterated that view Friday, saying that the government "will be forced to on the maneuvering between Con-gress and the White House over study the possibility of changing some of its monetary policy." "Our policy direction is essen-tially correct." Mr. Stoltenberg But for international markets, other events could play as major a said. "Of course, we will have to examine whether individual acshort-term role in whether stocks

cents in monetary policy, for exam-ple, should be altered." • The Federal Reserve Board chairman, Alan Greenspan, is ex-Mr. Bangemann, however, said pected to meet Monday with Karl Otto Põhl, the Bundesbank presiin a radio interview on Sunday that the West German authorities were dent. Given the U.S.-West German unable to lower interest rates any dispute over monetary policy, inves-tors will be watching closely for further. He reiterated his belief that tax cuts scheduled to take effect in 1988 and 1990 would be sufficient On Tuesday, the Federal Re-serve Board's Open Market Comto spur continued moderate economic growth. He said he saw no

mittee will meet to discuss monetary need to advance the tax cuts. policy. In recent days the Fed's fo-But West Germany's five leading cus on holding interest rates down economic research institutes will by infusing cash into the banking system has belped stock prices reurge again Monday in their autumn report that the tax reform package cover. Analysts speculate that the scheduled for 1990 be implemented Fed may add to this momentum by as soon as possible, according to an article in the newspaper Die Welt. Also on Tuesday, the U.S. Treasury Department will begin its quar-

Mr. Bangemann, who heads the liberal Free Democratic Party, the terly refinancing of part of the federal debt. It plans to auction \$9.75 junior party in the ruling coalition, blamed the United States for the billion in three-year notes on Tuesrecent disorder in foreign exchange day, \$9.25 billion in 10-year notes markets, citing its fluctuating monetary policy. "It's not for them to be giving

advice." he added. Karl Otto Pobl, the president of the Bundesbank, West Germany's central bank, also is against lowering interest rates as an attempt to

Mr. Pohl has said that budgetary measures such as cutting taxes are the best way to increase domestic purchasing power and make it easier for businesses to raise capital

spending levels.
The Bundesbank operates without any direct control from the gov-ernment, and Mr. Pöhl has been unafraid to assert his indepen-

But opinion appears to be split mong the Bundesbank's central bank council, whose 17-members set the central bank's monetary po-licy. One member, Wilhelm Nolling, is openly advocating "a prompt cut in the interest levels."

There is unity among West Ger-many's economic and financial leaders on placing the blame for the recent economic turmoil on the U.S. budget and trade deficits.

Deng, Allies **Oust Veterans** From Party's Leadership

By Daniel Southerland

Washington Part Service
BELJING — Deng Xiaoping and his allies swept aging veterant off the Central Committee of the Chinese Communist Party and into retirement on Sunday, setting the stage for younger leaders to assume control of the country into the next

The election of a new Central Committee sent nine out of 20 members of the ruling Politbure into retirement, or sem with Mr. Deng among those mak-

ing their exodus.

Mr. Deng, 83, relinquished his top leadership posts in the Politburo and its powerful standing committee. But his prestige, experience, and network of allies throughout the party, army and government were expected to guarantee him a continuing role as the country's

As well as Mr. Deng, three other veterans of the legendary 1934-35 Long March across China — Chen Yun, 82, an economist; Peng Zhen, 85, National People's Congress chairman; and President Li Xiannian, 81 - were dropped from the Central Committee.

Diplomats and Chinese officials said Mr. Deng was expected to con-tinue to serve as chairman of the party's military affairs commission, which controls the army.

A revision of the party constitution, approved Sunday, permits Mr. Deng to head the military even though he leaves the central com-

An eight-day party congress end-ed Sunday with the election of a new and younger 175-member Central Committee. Its members for the first time include few of the men in their 80s who have dominated the party for more than five

The committee is an assembly of the party's most powerful men, a kind of party parliament. As the first modern Chinese leader to yield his highest party

positions voluntarily, Mr. Deng set in motion a chain of retirements He sat impassively in the front

row on the rostrum, next to Prime Minister Zhao Ziyang, as Mr. Zhao presided over the final moments of the congress and conducted formal votes on party reports.

Mr. Deng raised his hand in approval with the others, betraying no emotion as he ended an era that began when he joined the Comminist Party in 1924, more than 50

years ago.
Mr. Deng went beyond anything previously attempted in China or the Soviet Union. In both Communist countries, where democratic and institutionalized channels to the top leadership are absent it has, until now, been either death, purges or palace coups that brought transitions of power.

In the Soviet Union in the early 1960s, under Nikita S. Khrushchev, more than 40 per cent of the Soviet Central Committee members was

replaced. But the Soviets were never able to remove as many top leaders as Mr. Deng and his allies did through the party congress votes. These and a number of other elderly committee members were

ment. Some were said to have fought to hold on to their positions even up until the party congress.

Diplomats predicted that Mr.

Chen would be rewarded with the rmanship of the party's central

See CHINA, Page 4

said to have long resisted retire-

French Press Says Left Sold Arms to Iran

By Steven Greenhouse

New York Times Service
PARIS — France now has its own Iran arms scandal with defense department officials charging that a defense minister in the former Socialist government approved sales of 450,000 artillery shells to Iran in violation of French law.

Articles in two major French newsweeklies this week also charged that President François Mitterrand was informed about the sales and that some of the money from the sales was diverted to So-cialist Party coffers. The articles

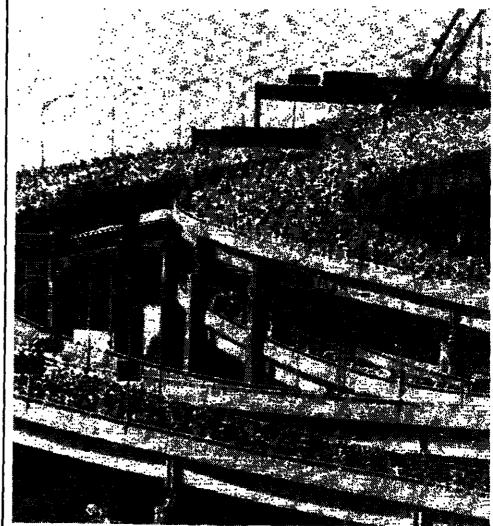
Japan has refused to go along with American sanctions against Tehran, Page 4.

said that about \$120 million worth of arms were shipped in violation of a self-imposed French embargo. Socialist Party officials contend that the current right-center ruling coalition leaked the accusations, contained in a confidential army report, to smear the Socialists as

the presidential campaign heats up. "Do I look like someone who vould sell weapons to Iran?" said Charles Hernu, the former defense minister. "These scandals are going to be numerous before the presi dential elections."

The sales to Iran, which took place from 1983 to 1986, came to light in February 1986. At the time, Socialist officials were not tied to the sales. They were disclosed by a small newspaper based in Cherbourg. La Presse de la Manche, which wrote that in 1985 two ships registered in the Bahamas carried more than 140,000 155-millimeter and 203-millimeter shells that were supposedly destined for Portugal, Brazil, Thailand and Pakistan, Instead, they were shipped to Bandar Abbas in Iran.

The Socialist defense minister who succeeded Mr. Hernu, Paul Quilès, launched an investigation that has focused on the Luchaire Company, an arms-maker that said See GULF, Page 4



New York Marathon Attracts a Record 22,000

Some of the record 22,000 runners in the 18th New York City Marathon on Sunday crossing the Verrazano-Narrows Bridge. Ibrahim Hussein, 29, of Kenya won in 2 hours, 11 minutes, 1 second. Priscilla Welch, 42, of Britain took the women's title in 2 hours, 30 minutes, 16 seconds. Page 19.

Indian Military Establishment Rocked by Losses in Sri Lanka

By Steven R. Weisman

New York Times Service
NEW DELHI — Indian Army losses to Tamil rebels in Sri Lanka this month have shaken the Indian to avoid civilian casualties. Indians military establishment and raised questions among many experts about the quality of New Delhi's military intelligence and planning. More than 200 Indian troops

have been killed and more than 700 wounded in lighting in Sri Lanka since Oct. 10, when Indian troops moved to disarm Tamil guerrillas at their stronghold in the northern city of Jassina. The Indian losses were the largest since the war with Pakistan in 1971.

The Jaffna operation was proclaimed a success when Jaffna was captured by Indian troops last week. But Indian officials also exmajor guerrilla leaders escaped. India sent troops to Sri Lanka to

guarantee a peace accord signed by Prime Minister Rajiv Gandhi of Jayawardene of Sir Lanka on July 29. Under it, Tamil separatists were to give up their arms in return for increased autonomy in largely Tamil areas in the north and east.

For years India had been sympathetic to the Tamil cause, allowing guerrillas to use Indian territory for training and political operations. But when the rebels — who accuse the majority Sinhalese of discriminating against them — refused to accept the accord to end the ethnic conflict, the Indians eventually turned against them.

Many military analysts also say India misjudged the conflict, using a conventional force of 20,000 to 30,000 men against guerrillas skilled at hit-and-run tactics. They said India also underestimated the effect of mines and other explosives planted on roads. Scores of soldiers died in such blasts.

A senior Indian official said in an interview that "there has been some inadequacy" in intelligence, particularly regarding the activities and whereabouts of the leaders of the Liberation Tigers of Tamil Eelam, the separatist guerrilla group defending Jaffna.

He also acknowledged that the Indian Army had been unprepared to wage a major guerrilla war, since Indian forces went to Sri Lanka thinking that they would only keep the peace and receive weapons voluntarily surrendered.

"The timing of this operation was not up to us," the official said. "It would have been better to choose the operation, obtain intelligence and choose the best timing. Here was something just thrust on

But the Indian official and others defended the performance of

Babbit Escapes in Car Crash The Associated Press

PHOENIX, Arizona — A Democratic presidential hopeful, for-mer Governor Bruce Babbitt, and his son escaped serious injury but their car was destroyed Saturday of Lhasa, Goigya, said six persons

from behind, pushing it into a car



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bombardments and to move slowly recalled that civilian casualties in earlier operations by the Sri Lan-kan Army enraged Tamil civilians not in the clouds." and drove them to sympathize with

could have done better," the official said. "Only a highly disciplined army could have taken these casube said, referring to the two countries." alties and still occupied Jaffna with the that have fought wars with a minimum loss of life to civilians." India and with which border ten-The question of civilian casual-

ties remains a matter of dispute, with India saying the losses were slight and some Tamil spokesmen in Sri Lanka asserting that hundreds of civilians died. India says pressed disappointment that the major guerrilla leaders escaped.

600 guerrillas were killed, out the being apportioned. Several Indian news organizations of these several Indian news organization. were civilians. Criticism has come from military

India and President Junius R. ka, particularly in the Sri Lankan Jayawardene of Sir Lanka on July Army. The Sri Lankans, however, Indian Army came into their country projecting the attitude that it could succeed with the Tamils where others had failed.

These people made the same

Indian troops overall, asserting mistakes that we made in the beginthat the major reason for the beavy losses was a decision to avoid aerial "They never learned the psyche of the terrorist. This is a battle that has to be fought on your belly, literally and in other ways. Your

A Western diplomat said the Inthe guerrillas.

"No other army in the world have repercussions for New Delhi. "You can be sure that Pakistan and sions remain high

Despite the heavy Indian losses, there has been no popular outery in India for a troop withdrawal. But indications are that inside the military establishment, some blame is

tions have reported that Major General Harkirat Singh, the comand diplomatic analysts in Sri Lan-ka, particularly in the Sri Lankan Army. The Sri Lankans, however, admit to some resentment when the "consultations" in New Delhi. Military analysts here say the main failure was that of the Re-

search and Analysis Wing, India's



BANZAI! BANZAI! — Noboro Takeshita, at podium, flanked by Shintaro Abe, with glasses, and Prime Minister Yasuhiro Nakasone. Mr. Takeshita took over from Mr. Nakasone on Saturday as president of the ruling Liberal Democratic Party. Mr. Takeshita is virtually certain to be elected prime minister of Japan on Nov. 6.

Kim Dae Jung Tests His Rival's Home Turf By Susan Chira

Danzim, a Tibetan Communist Party official, insisted that Lhasa was quiet and open to foreign travelers.

Tibetan Officials Blame Dalai Lama For Lhasa Rioting

Washington Post Service BELIING — Senior officials from Tibet say that the Chinese government has "definite evidence" that the Dalai Lama, the exiled Tibetan Buddhist leader, and his followers were behind the anti-Chinese rioting in Lhasa, the Tibetan capital, a month ago.

At a news conference here, the Tibetans denied reports of widespread arrests in Lhasa and declared that the city was quiet and

were killed in the Oct. 1 not and actively involved. According to reports at the time, hundreds of perons were involved in the rioting. The deputy Communist Party secretary of Tibet, Danzim, said,

"We have definite evidence that the unrest was caused as a result of the instigating and plotting of the Da-lai Lama clique." The Dalai Lama has stated that the demonstrators may have been encouraged by a visit he made to the United States in September. But he has not acknowledged any direct link with the protesters, who are seeking independence from China.

dents. They said they had urged ately cut off from the benefits of In the absence of opinion polls their backers to refrain from vio-the Korean economic miracle, part-the candidates are engaging in

New York Times Service PUSAN, South Korea - Kim Dae Jung ventured onto his chief rival's turf Sunday and drew enthusiastic crowds, showing that he could be a political force even in alien territory as he campaigns in South Korea's first direct presidential election in 16 years.

Mr. Kim also faced his first physical attack since he declared officially on Wednesday that he would run for president against a fellow opposition figure, Kim ım, his long-time rival. About 100 people calling on Kim

Dae Jung to withdraw from the race tried to break into his hotel, smashing windows and hurting some of Mr. Kim's aides and security guards. Mr. Kim, who was not hurt, requested police protection.

The candidates have begun holding rallies in key cities as they pre-pare for the election, scheduled for mid-December. Roh Tae Woo, the roling party candidate, has been attacked three times in recent weeks: with eggs, tear-gas gre-nades, and gasoline bombs.

Pusan, the nation's second-largest city, is Kim Young Sam's political base and the site of his most successful campaign rall; to date. Kim Dae Jung, who is from the southwestern province of Cholla, needed to demonstrate that his support was not limited to his Despite cool weather and over-

cast skies, Kim Dae Jung drew hundreds of thousands of fervent supporters. But the attack on his hotel Sunday evening was an unpleasant reminder of the regional rivalries that have often influenced politics here — and of the bitter rivalry between the two Kims.

Earlier in the day, several hun-dred Kim Young Sam supporters tried to enter the rally grounds, and when they were barred, they held their own rally nearby. Later, some shouting Kim Young Sam's name, shouting Kim Young Sam's name, Many posters advertising the Kim Dae Jung rally were also defaced.

In Seoul aides to Kim Young Sam said they did not know whether their supporters were responsi-ble for the attack or other inci-

The rivalry between the eastern province of Kyongsang, which in-cludes Pusan, and the western one of Cholla runs deep in South Korean history, and many fear that the race between the two Kims will exacerbate this bitter conflict.

Part of Kim Dae Jung's appeal — as an underdog persecuted by the government and as a champion of the poor and underprivileged stems from his roots in Cholla. Many South Koreans have traditionally looked down on people from Cholla as backward, poorly educated and crude.

Cholla Province itself has lagged behind the rest of the country in economic development. Many critics of the government

charge that Cholla, long an opposi-tion stronghold, has been deliber-

the Korean economic miracle, part-the candidates are engaging in a ly because most postwar Korean numbers contest to see who can leaders have come from Kyongsang draw the largest crowds. On that Province and have helped their constituents accordingly.

draw the largest crowds. On that score, Kim Young Sam clearly drew far larger crowds during his Kim Dae Jung urged the crowd not to let regional rivalries poison recent appearance in Pusan. But what Kim Dae Jung's crowd lacked in size, it made up for in enthusi-

"We must bring a complete end

After Mr. Kim's hourlong speech, supporters had to be held back by bodyguards, who were to Korea's provincial differences," he said. "This is as important as bringing an end to the military dicnearly trampled as the crowd clawed its way to his van. tatorship. People, when you vote, decide not by someone's province of origin but judge whether he has the necessary requirements.

Young Sam, holding to a strategy both have adopted of attacking the government and Mr. Roh instead. "Kim Young Sam and I are the only two legitimate candidates." he said. "If possible, vote for me. But if a husband and a wife are undecided, each one vote for one of us."

Titanic Discoverer Doubts That Explosion Sank Liner

By Walter Sullivan

NEW YORK — The suggestion that an explosion played a critical role in the sinking of the Titanic 75 years ago is incompatible with accounts by survivors, according to Dr. Robert Ballard, leader of the expedition that found the wreckage of the giant ocean liner in 1985.

The suggestion was made on a television program, broadcast last week, on which items from the Titanic were displayed. Officials of the expedition that retrieved the items suggested that the explosion could have originated from a smoldering fire in the ship's coal supply.

But Dr. Ballard said this theory was incompatible with the ac- tion for the Woods Hole Oceanocounts of witnesses, which he as- graphic Institution in Massachuserted left no doubt that a collision setts, inspected the wreck last year, with an iceberg was to blame. Sur-he reported that many of the rivet-vivors described ice scattered on ed hull plates had been sprung the deck of the Titanic and pro-open, apparently by the collision truding through a small hole in her with the iceberg. This flooded hull. The gaping hole shown on the many water-tight compartments, television show, described as 30 causing the liner to sink.

feet wide, must have been formed Survivors also described a fear-

some roaring as the ship tilted vertically. Presumably, heavy machin-ery in the hold broke loose. Dr. Ballard suggested that some of this could have punched the hole at that time, or when the bow hit bottom. The Titanic, on her maiden voyage from England to New York,

sank off Newfoundland in the North Atlantic on April 14, 1912. killing more than 1,500. The two-hour television show on

Wednesday, "Return to the Titanic ...Live," was shown on television stations throughout the United

When Dr. Ballard, on an expedinomic problems.

Gets Security Post DAMASCUS - President Ha-

Resigns in Syria,

fez al-Assad has accepted the resignation of Prime Minister Abdul Raouf al-Kasm, who has headed the Syrian government for almost eight years, a presidential spokes-Mr. Assad had asked Mahmoud

Zubi, the parliamentary speaker, to form a new government, the spokesman said Saturday. Mr. Kasm was the longest-serving prime minister in recent Syrian his-The spokesman said Mr. Assad

had appointed Mr. Kasm head of

the National Security Bureau, a li-

curity services. Mr. Kasm will report directly to Mr. As the party secretary-general. Mr. Kasm resigned after Parliament forced four ministers accused of mismanagement out of office. The 195-member Parliament passed no-confidence motions

against the ministers of agriculture and building projects in June. Last month, it took similar action against the ministers of industry and supply and internal trade. Mr. Assad appointed Mr. Kasm to head the government in January 1980 to tackle the country's eco-

WORLD BRIEFS

150 Are Hurt in Bangladesh Protests.

DHAKA, Bangladesh (AP) — More than 150 people nationwide were injured Sunday in clashes with police as opposition forces held demonstrations at government headquarters, police and opposition sources said.

Sources said clashes erupted between opposition groups and police and between rival parties at several district headquarters. The demonstrations were part of an opposition campaign to bring down the government of President Hussain Mohammed Ershad.

Among the injured was a deputy commerce minister, Abdul Gaffar, who was beaten and whose car was destroyed in an attack by an opposition group, said a district official who declined to be identified. He said a member of Parliament traveling with Mr. Gaffar suffered minor injuries in the attack.

French Find Arms on Irish-Run Ship

BREST, France (Reuters) - French customs uncovered a 150-ton arms and explosives cache aboard a ship crewed by five Irishmen,

Customs sources said that the cargo appeared to be destined for Northern Ireland, where guerrillas of the Irish Republican Army are fighting British rule. The five crewmen were detained in Brest on

Saturday.

The Budget Ministry, responsible for customs operations, said the 130foot (40-meter) Panamanian-registered coaster Eksund was boarded Friday when it entered French territorial waters.

Resumed 7th Chess Game Is Drawn 🚁

SEVILLE, Spain (Reuters) — The closely contested seventh game of the world chess championship between the titleholder, Garri Kasparov, and his challenger, Anatoli Karpov, ended Saturday in a draw.

GAME 7 GRUNFELD DEFENSE							
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23. Qb1 24. Qb3 25. Nf4 26. Nas6	Öe6 Ö17 Öxe6	50. KŽ 51. Ke2 52. Kd3 53. Roda	Kd7 Kd6 Kc5 Fd5	77. Kg1 78. Qb4+ 79. Qe1	Ke4 Kf5 Qd4+		

For the Record

The police in Santiago, Chile, detained about 200 dissidents who participated in a street campaign asking for an open presidential election, press reports and witnesses said Saturday.

(AP)

Two persons were killed and 70 injured Sunday in Pakistan's Sind.

Province during clashes between police and supporters of the ethnic Muhajir movement. The police said 400 people were detained. (AP)

TRAVEL UPDATE

Strikes in Italy Halt Dozens of Flights

ROME (Reuters) — Dozens of flights were canceled Sunday at Italian airports because of strikes by ground staff, and further stoppages were planned Monday. Officials said that 56 flights, 14 of them international, were canceled by Alitalia and that 69 flights, including 24 international, would be dropped Monday unless agreement was reached on a contract.

The strikes were among "official" stoppages announced in advance by ground staff. An attempt by the government to ben wildcat strikes, which aggravated official stoppages, failed last week because of divisions in the governing coalition. More official strikes are planned for Nov. 18. The Mexican government took control of Mexicana airline on Sunday

the National Security Bureau, a li-aison between the leadership of the ruling Ba'ath Party and Syrian se-Mexicana's 976 pilots back to work, he said. (Reuters)

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Australia, Belgium, Bolivia, Brazil, Central African Republic, Colombia, Ecuador, El Salvador, France, Guatemala, Haiti, Luxembourg, Macao, Mexico, Monaco, Philippines, San Marino, Uruguay, Vatican City. TUESDAY: Bahrain, Ecuador, Egypt, Iran, Iraq, Jordan, Japan, Kuwait,

WEDNESDAY: Andorra, Cyprus, Indonesia, Malaysia, Panama, Varican City. THURSDAY: Buruna, El Salvador, Liberia, Pakistan, Sri Lanka,

FRIDAY: Morecco. SATURDAY: Bangladesh, Bulgaria, Hungary, Mongolia, Soviet Union SUNDAY; Nepal.

Source: Morgan Guaranty Trust Co, Renaers.

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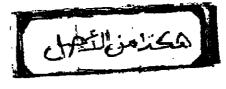
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Game Is Drawn

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UPDATE

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Traces will be closed or cutable in ispendencies this week because of

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Buddhists to Serve As Military Chaplains

The U.S. Defense Depart-ment has decided to permit Buddhist chaplains to serve in the armed forces, the first such recognition for a religious group outside Christianity or Judaism:

The step is "a tremendous breakthrough," said Bishop Sei-gen H. Yamaoka at the San Francisco headquarters of the predominantly Japanese-American Buddhist Churches of America.

The Pentagon says about 2,500 Buddhists of various sects and ethnic backgrounds are in military service. One of the astronauts who

died in the 1986 explosion of the space shuttle Challenger was Colonel Ellison S. Onizuka of the air force, a Buddhist. The funcial services after his death made more people aware of Americans of Buddhism, Bishop Yamaoka told the Los Angeles Times.

The Buddhist Churches of America, 88 years old, have 150,000 adherents and 63 temples in the United States. The total number of U.S. Buddhists is unknown. But the chaplains certified by the Buddhist Churches of America, like chaplains of any religious denomination, would serve Buddhists of other traditions as well as military personnel of any

Short Takes

Lawrence Spivak, creator and for 28 years the moderator of the pioneering interview program "Meet the Press" said at the 40th anniversary party in Washington for television's longest-running show, "When we started, we had just one guest on for the 30 minutes." Today, the program, like other talk shows has several guests. "Our general feeling," said Mr. Spivak, 87, "was if the guest wasn't worth that amount of time, he wasn't worth anything at all. I think one problem with television is that people think everything can be done in one minute, two minutes or three minutes. I don't think it can."

Hallmark Cards has ceased king a Transylvania University" Teshirt with the augustic "We Go For The Throat!" and a picture!" and a picture! ture of a bat with the words "Our Founder" at the request of the real Transylvania Uni-versity, a 207-year-old liberal arts college in Lexington, Ken-tucky. "We have spologized," said Diane Wall, a Hallmark spokeswoman. The T-shirt referred to the legendary home of the vampire Count Dracula "We absolutely had no idea that there was a Transylvania University," Miss Wall said.

Shorter Takes: Three volunteer firefighters were killed in an abandoned farmhouse set affame in a training exercise in Milford, Michigan. Witnesses said a floor apparently collapsed, trapping the men. • Agents of the Federal Bureau of Investigation, while hunting Franklin Lynch, 32, an ex-convict wanted on charges of murder and assault, arrested him on Sunset Boulevard in Hollywood when he jaywalked in front of their car.

Notes About People

The 200,000-member Navajo Nation has announced a joint venture with Oleg Cassini, the stage and dress designer, to build a luxury resort on the Navajo reservation, which covers 16 million acres (6.4 million hectares) of Arizona, New Mex-ico and Utah. Mr. Cassini, 74, a former husband of the actress Gene Tierney, was Jacqueline Kennedy's official dress designer when her husband was in the White House. Peter MacDon-ald, chairman of the Navajos, said Mr. Cassini's "study of Native American history drew him to the Navajo 30 years ago."

U.S. Supreme Court justices work long hours, according to Justice Sandra Day O'Connor. She said in a University of Denver speech that she arrives at the court building at 7:30 A.M. and stays until 7:30 P.M. "When I go home, I usually take some reading material home with me," Mrs. O'Connor said.

Representative Morris K. Udall, Democrat of Arizona, in a forthcoming book, "Too Funny to Be President," quotes several witticisms of Henry A. Kissinger, the former secretary of state. After a diplomatic meeting: "Golda Meir and I agree on everything, including the fact that we don't see eye to eye." On the Watergate scan-dal: "The illegal we do immediately. The unconstitutional takes a little longer." On the perquisites of fame: "Now when I bore people at a cocktail party, they think it's their fault."

-ARTHUR HIGBEE



Judge Ginsburg, center, meeting with Senators Bob Dole, right, and Strom Thurmond.

Aquino Attends Service for Slain GI As Restrictions on Americans Widen

By Seth Mydans

New York Times Service
MANILA — President Corazon C. Aquino flew to Clark Air Base Americans as Americans in the Philippines faced heightened secu-

The commander at Clark, 50 miles (80 kilometers) north of Manila, told troops that they were in for "a long haul" with new restric-tions on their movements.

The U.S. Embassy on Saturday warned U.S. citizens to avoid the Ermita night-life district in Manila because of fears of new attacks.

The three Americans and a Filipino were gunned down within 15 minutes Wednesday in four widely separated locations in Angeles City, just outside the base. Police said they had arrested four men who admitted to being Communist guerrillas but denied involvement in the killings.

Speaking on the armed forces elevision network, Major General Donald Snyder, commander of the 13th Air Force at Clark, said that restrictions on travel from the base would continue indefinitely and that Americans there might have to

adapt to new conditions.
"I'd be kidding you if I didn't tell

you that it may be a long haul," he attended a memorial service for

on Saturday to demonstrate her an 18-year Communist insurgency concern over the killing of three and a history of political turbulence, U.S. citizens have generally been welcome and secure.

The motives for the attacks and remained unclear. Various reports right-wing groups intent on desta-bilizing the Aquino government and weakening U.S. support for it.

The Communists have not struck at Americans in the past, but they have made statements recently saying this tactic might change.

Stepped-up patrols continued around Clark for the third day. U.S. military policemen cleared servicemen from the rows of gaudy bars that cluster around its gates. Two-thirds of the 26,000 Americans based there, including service-

men, civilian employees and dependents, live in Angeles City. They have been urged to travel only to and from their homes, using major thoroughfares. General Snyder said similar restrictions were in force at Subic

Bay Naval Station and at smaller U.S. installations. At the air base, Mrs. Aquino

said.

The concerns were a new experience for Americans here. Despite

one of the two active-duty airmen killed outside its gates, Sergeant Randy Davis of Portland, Oregon. A similar service was held Friday for Airman 1st Class Steven M.

Faust of Pasadena, Texas.

The other victims were Herculano Mangante, a retired Air Force the source of the continued threat technical sergeant and a naturalized American citizen, and Joseph blamed either Communist rebels or Porter, a Filipino businessman of

U.S. Drops Asylum Proposal

WASHINGTON -- The Justice

Department has backed off an unpopular proposal to change the way refugees are granted political asylum, after scores of immigrant advocacy groups and lawyers claimed that the changes would deny due process to refugees, officials said.

immigration judges from the asylum process and instead leaving asylum decisions to a special corps of officers in the Immigration and Naturalization Service.

After Justice officials received several hundred responses critical changes were drafted.

they said they would continue to let immigration judges hear the asy-

Under an interim procedure in place for the past seven years, refugees get two chances to ask for political asylum: first before the immigration service and then, if The proposal, as introduced two they are denied at that level, before months ago, called for eliminating an independent immigration judge. they are denied at that level, before

deportation proceedings.

The more we thought about it the more we realized that the comments were not without merit, said Roger Pilon, director of the Justice Department's Asylum Policy and Review Unit, where the

Reagan Aides Split on Ginsburg

Meese Elated but Baker Frustrated Over Court Choice

By Steven V. Roberts New York Times Service

WASHINGTON - President Ronald Reagan's nomination of Judge Douglas H. Ginsburg for the Supreme Court has renewed tensions between White House factions and has frustrated Howard H. Baker Jr., the White House chief of staff, according to administration

A Republican politician said that Mr. Baker and his staff were "really upset" by the choice of Judge Ginsburg, which Mr. Baker thought would run into considerable opposition, but that the chief of staff had accepted the president's decision and would work for the judge's confirmation.

Mr. Baker spent part of the day

Friday introducing Judge Gins-burg to Senate leaders. But the show of unity came after a defeat the day before.

The showdown took place Thursday morning, when Mr. Baker, who leads a pragmatic faction, and Attorney General Edwin Meese 3d, one of the most orthodox administration conservatives, met with the president to review the two finalists for the Supreme Court post: Judge Ginsburg and Anthony M. Kennedy, a federal appeals court judge in California. Mr. Meese pushed heavily for

Judge Ginsburg, a former Justice Department official, according to a White House official

Mr. Baker warned that Judge Ginsburg could face confirmation problems, particularly if the Amercan Bar Association gave him a poor recommendation. But it was unclear whether Mr. Baker advocated the choice of Judge Kennedy or simply reported what he saw as Judge Ginsburg's drawbacks.

Later in the day, when Judge Ginsburg's selection was announced, Mr. Meese was visibly elated as he received congratulations from conservative Republi-can lawmakers. West Virginia, said Friday, "The Senate will not be stampeded."

"Meese wins on this one," a White House strategist said. Marlin Fitzwater, the president's spokesman, said that Judge Gins-

"Certainly the fact that he was Jewish was discussed in the preliminary meetings and so forth." Mr. Fitzwater said.

He added that the White House was aware that Judge Ginsburg would be the first Jewish justice since Abe Fortas resigned from the court 18 years ago.

But some concerns have already been raised about Judge Ginsburg in the Jewish community.

"Judge Ginsburg's being Jewish in no way exempts him from searching examination of his views and record by all Americans, including American Jews," said Albert Vorspan, senior vice president of the Union of American Hebrew Congregations, a prominent Reformed Jewish organization. Meanwhile, Mr. Reagan insisted

Saturday that the Senate should act quickly on the nomination.

The president's language was more restrained than it was on Thursday, when he spent almost as much time criticizing the Senate for its treatment and defeat of his earli-er nominee, Judge Robert H. Bork, as he did in introducing the new

Senate Democrats were irritated iority leader. Robert C. Byrd of ish state.

Nonetheless, Mr. Reagan's crit cism continued Saturday in hi weekly radio address. He chastise the Senate for the "campaign of burg's religion was a factor in his pressure politics we saw during th consideration of Judge Bork'

Abortion Issue

Judge Ginsburg's wife per formed abortions during her med cal training at Beth Israel Hospita in Boston, a spokesman for the Jutice Department said Saturday a reported by The Associated Pres from Washington.

Hallee Perkins Morgan, th judge's wife, performed abortion during her first year of residency i 1979-80 and agreed to assist with one difficult abortion in her nex year of training, but she has per formed none since then, said a Jus nce Department spokesman, Terr H. Eastland.

As a result, Mr. Eastland said she, like a number of doctors who have performed abortions from her own experience, became per suaded that she did not want to d

Chirac Begins Visit to Israel The Associated Press

JERUSALEM -- Prime Minis ter Jacques Chirac of France ar rived Sunday in Israel for a three day state visit. It is the first visit by by the remarks, and the Senate ma- a French prime minister to the Jew



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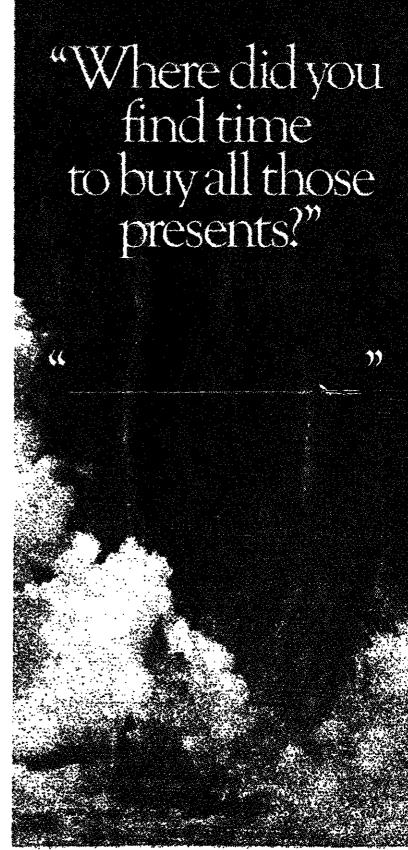
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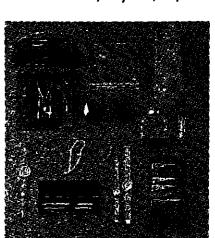
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CHINA:

Victory for Deng

tated because of ill health.

and its standing committee.

(Continued from Page 1)

are to be announced Monday,

when the new Central Committee

selects members of the Politburo

But the changes already dis-closed have significantly weakened

the party "conservatives" who have

tried to limit the scope and pace of

economic and political reforms in-troduced by Mr. Deng and his pro-

tègé, Mr. Zhao.
Mr. Chen, considered to be Mr.

Deng's most eminent rival for in-

fluence, was described as "slightly

indisposed" and failed to attend the closing session of the congress,

the first to be held in five years.

Mr. Zhao, 68, is expected to be

named permanent party general secretary, placing him in line even-

forward more forcefully with his

The reforms are designed to

move China away from a Soviet-

style centrally planned system to-

ward a market economy, experi-

results, including capitalistic-style management techniques.

new committee constituted a tri-

umph for Mr. Deng and Mr. Zhao

ble further decline in its power.

chairman in order to pacify its

The party ended the congress -probably the last to be dominated

by Mr. Deng - with the election of

a committee whose new members

and alternate members average 55.2 years in age. A party official

said this meant a reduction in age

of 3.9 years below the age of those

who entered the old committee five

Yaqub Khan Resigns

From Pakistan Cabinet

leadership.

years ago.

The changes announced in the

economic reforms.

Behind Gorbachev Vim, Substantive Vigor

By David K. Shipler New York Times Service

WASHINGTON - With last week's announcement that Mikhail Washington Dec. 7 for a summit meeting with President Ronald

NEWS ANALYSIS

Reagan. Americans are promised a agility uncommon in Soviet lead-closer look at one of the world's ers, he has disrupted old assumpmost provocative figures.

The summit arrangement came as a reversal of sorts, exactly a week after Mr. Gorbachev told Secretary of State George P. Shultz in Mos-cow that he did not feel comfortable setting a date as long as Mr. clever public relations man, and

In Poll on Political Issues

MOSCOW - Moscow residents rank Mikhail S. Gorbachev slight-

stan. And they do not expect much from the coming summit meeting

Soviet researchers, apparently the first widely publicized survey using

Western poling standards to measure Soviet public opinion.

The results were made available by the French television network
TF1 and Radio France, which sponsored the survey with the weekly

Le Point. Researchers from the Institute of Sociological Studies of the

Soviet Academy of Sciences interviewed 1,000 Moscow-area residents

by telephone after reading a statement promising anonymity.

Predictably, in a country where people may be reluctant to tell their views to strangers, a heavy majority said they supported Mr. Gorba-

Asked if they approved of the release of "those who are called

dissidents" from prison or exile, 42 percent said no and 27 percent yes.

But 73 percent said they approved of giving exit visas to people who want to leave the Soviet Union permanently, while 18 percent were

Asked for the three most important figures in Soviet history, they

put Mr. Gorbachev ahead of Stalin, whose brutality and centralized economy have come under sharp criticism since Mr. Gorbachev came

to power. Mr. Gorbachev was named by 31 percent, Stalin by 25 percent. Lenin, the founding father of Soviet socialism, was named by 64 percent.

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background essential. French very important,

Attractive Basic Salary, bonus related to

chev's program of economic changes.

Reagan refused to compromise on his space-based defense system. Another Soviet leader might have felt obliged to stick to that negative S. Gorbachev will be coming to position, but not Mr. Gorbachev. He has disturbed and fascinated

curial, unwelcome characteristics the West practically since the mo-ment he took the reins of Soviet in an adversary of his dimensions. But this American fixation on his power in March 1985. With an irstyle runs the risk of diverting ateverence for precedent and an tention from his substance. Domestically, his efforts toward what he calls glasnost, or openness, and per-estroika, or restructuring, already tions about Soviet impulses, forced reappraisals of Soviet purposes and rendered less predictable the course of East-West competition. appear to have set new forces in motion in the economy, the press, the dynamics of Communist Party Some Western officials and anapolitics, film, literature, music and lysts see him as little more than a

the teaching of history. In foreign affairs, Mr. Gorbachev has stated his abhorrence of nuclear weapons and his readiness to reduce them, he has compro-**Muscovites Test Glasnost** mised deeply in arms control to defuse tensions with Washington

and he has begun to abandon old policy reflexes that have governed Soviet positions in the Middle East. the Far East and elsewhere. ly ahead of Stalin in importance to their country.

They approve of giving exit visas to citizens who want to emigrate, but they disapprove of releasing dissidents from prison or exile.

Some say that Soviet troops should be withdrawn from Afghani-"Potentially, he's one of the truly historic figures of the 20th century," said Stephen F. Cohen, professor of Soviet politics and history at Princeton University. "It may be with President Ronald Reagan.
These are among the findings of a poll conducted by French and that even if he doesn't succeed in

ed States for seeming rash and mer-

the end, the reforms are going to start a turnaround in that system. We ought to welcome that and stop fussing so much about Gorbachev's dazzling style." Mr. Cohen and other analysis feel that Mr. Gorbachev has defied his national security elite's policy assumptions by advocating an abolition of nuclear arms. "He has a kind of peacenik attitude toward

nuclear weapons," Mr. Cohen said. "Now, you can say he's manipulating the issue to breed pacifist atti-tudes in Europe, to breed pacifist attitudes in America. Yet he's done this at some risk at home, where generals have accused some writers of breeding pacifist attitudes among Soviet youth."

Furthermore, Mr. Gorbachev eems to need some substantive the product of these forces and schievements in arms control to concerns, not their creator.

many are skeptical about his ability justify his concessions, according to make durable changes in the to American analysts who have to make durable changes in the Soviet system. His recent vacillatalked to members of the Commution on setting a summit date also nist Party's Central Committee. earned him reprimands in the Unit-There is some grumbling about his giving more than he is getting, about his failing to produce tangi-

> This surfaced last week in reports of criticism of Mr. Gorbachev's leadership during the Central Committee's plenum just before Mr. Shultz arrived in Moscow. American scholars are divided over Mr. Gorbachev's political strengths, and last spring in testi-mony on Capitol Hill, a few pre-dicted his downfall.

"He's moving so fast, he's stepping on so many toes, that he himping on so many toes, that he'll be able to pursue it," said Marshall L Goldman, a specialist in Soviet economics at Wellesley College and associate director of Harvard's Russian Research Center. "My own prediction is that he won't last four years."

The pessimism was shared by Peter Reddaway, a specialist at the Kennan Institute for Advanced Russian Studies in Washington. "I think that it is extremely possible that if Mr. Gorbachev continues with his present policies, he will be removed within the next two or three years," he said.

Others scoff at such dire fore-casts. "It seems to me he has had one of the great, classical consolidations of power in Soviet history," said Jerry Hough, a Sovietologist at Duke University and the Brookings Institution. "I think Gorbachev is as strong as Stalin was in 1927-28."

More significant is the conviction among some that the Gorbachev phenomenon is broader than the man, that it derives less from his personal preferences than from deep currents of generational change, economic anxiety and worry that the Soviet Union may enter the 21st century as a weakened giant, devoid of the technological vitality that propels the West into an increasing lead. Mr. Gorbachev is

SOVIET: Problem for Gorbachev

(Continued from Page 1) out a more tolerant position about political debate.

"Even the most extreme viewpoint contains something valuable and rational, since a person who defends it honestly shows concern for the common cause." he said.

But he seemed to sense that this view could not yet be sustained in Today we are going through a school of democracy anew," he

"We are learning. We still lack political culture, we lack the culture to conduct debate and respect the viewpoint even of a friend, a comrade. We are an emotional people. We will probably get over all this. We will manure." The resolution of the Yeltsin case will show whether Mr. Gorbachev's view prevails or whether he is forced to accept the narrower boundaries implicit in Mr. Lukyanov's comments. The absence of any report about

the case in the Soviet press, and the censoring of the Tass report, sug-gests that the party leadership did not think the country ready for open coverage of internal disputes. It is not the first time that information about domestic concerns has been made available for use

abroad but not at home. In the days following the accident in April 1986 at the Chernobyl nuclear power plant, details about the accident and its consequences were presented for use by foreign correspondents but not the Soviet press.

ARMS: Senate Battle Is Foreseen

sions that the long-standing dispute over arms in space could be resolved. This has been tied by Moscow to a strategic arms accord.

They are no longer talking about killing SDI," he said. The Soviet position on Mr. Rea-

gan's Strategic Defense Initiative way said they believe that Mr. Gorbas been changing, Ms. Ridgway said. "In time we'll find the basis the Kremlin, despite confirmed re-

what he described as shifts in the Shevardnadze on SDI Soviet posture toward SDL The interesting thing about last Friday's talks with the Soviet foreign minister, Eduard A. Shevardnadze, said

Italian Body-Snatchers Demand \$7.5 Million

of the founder of Italy's third larg-est business has been stolen from a cial worry in his farewell news concemetery by a group demanding 10 ference on Friday night about the billion lire (\$7.5 million) from the wealthy Ferruzzi family, police sources said Sunday.

Some administration officials said Mr. Shevardnadze's comments

newspaper.

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Mr. Carlucci, who was a partici-

Both Mr. Carlucci and Ms. Ridgfor going forward with the program and they'll admit it," she added.

Mr. Carhocci also emphasized during a meeting of the Communist Party Central Committee recently.

Reagan administration officials said Saturday that the Soviet for-eign minister, Eduard A. Shevard-

nadze, left Washington after indicating that Moscow might be adopting a new strategy for limiting SDI, The New York Times reported.

Instead of attacking the so-called Reuters "star wars" program, as Mr. Gor-RAVENNA, Italy — The body bachev has done in the past, Mr.

sources said Sunday. said Mr. Shevardnadze's comments
The remains of Serafino Ferruzzi
and similar Soviet statements did were reported missing from the not mean that Moscow had backed family tomb in the northern city of away from its basic objective of Ravenna on Friday night after an setting strict limits on the scope of anonymous telephone call to a SDI tests, although they acknowledge that Moscow has indicat

BUDGET: '2 Percent Solution'

(Continued from Page 1) tration's bargaining position more

ROYAL COMPLIMENT — Prince Charles and Diana, Princess of Wales, arrived in

Berlin on Sunday for a seven-day tour of West Germany amid British press speculation that their marriage is faltering. The prince called his wife "the most glamorous colonel in the British Army." She is the bonorary colonel-in-chief of the Royal Hampshires.

flexible on the question of taxes. Though both sides in the discusadvisory commission, but his resions have repeatedly said they are cent public appearances have making progress toward a budget accord, the pressure for another shown him to be virtually incapacimeeting with the president would The highest leadership changes

indicate otherwise. In addition, the House speaker, ployees. Jim Wright, Democrat of Texas, and the Senate majority leader.

In addition, the official said, it Robert C. Byrd, Democrat of West to cutting those benefits additional Virginia, dropped in on the talks tax revenues from the partial re-Friday, which was interpreted as moval of indexing on individual another sign of a lack of progress. incomes subject to taxation.

DOLLAR: Stability Not the Answer

under U.S. pressure. But an official save than the consumers of all oth-of the Bundesbank explained, or major industrialized countries. These are very marginal changes

and reversible at any time."
As a result of the uncertainty over U.S. and West German policies, an American official said of a plan for a meeting: "It's not at all settled. There has to be real subtually to replace Mr. Deng as the country's top leader and to push stance."

A meeting that strikes the markets as inconsequential would only bring retribution from the markets, the West German official said. "Just a meeting to confirm that menting with whatever produces everybody loves one another could be a disaster," he said.

The jolt of the crash in the stock markets, which has reduced the wealth of all the countries, and the fear that worse is yet to come may that went beyond what most diplo-mats and analysts expected in the of the Group of Seven's debates. Already, the countries have at

way of losses for the conservatives. But official Chinese sources warned that despite the victory, Mr. Deng and Mr. Zhao faced nu-France and Germany have been openly urging Mr. Reagan to raise merous problems. One of them, one source said, was the army, which is concerned about a possi-The army has always been a key power, and this source said that Mr. Deng had to stay on as military

policy that would leave the dollar more room to rise and fall cannot Economists have be gauged as yet. The unbalanced ready low levels, according to some the message home. economists, or by 30 percent or

Nixon's Council of Economic Advisers, and Beryl W. Sprinkel, the financing the deficits. Cutting the deficits urge a quick fall in the dollar.

"Wright and Byrd wouldn't have come over there if things were go-ing well," an official said.

One senior official who is pushing the "2 percent solution" said that for all its political drawbacks it has the advantage of treating equally both Social Security benefiiaries and retired government em-

offers Democrats who are resistant

(Continued from Page 1) cans and a greater reluctance to

Since the U.S. retreat from its commitment to dollar stability that became evident in mid-October,

the U.S. currency has declined 5 percent against the Deutsche mark and 4.5 percent against the yen.

At the next G-7 meeting, the GULF: German official said, the countries

ment to stable currencies. "But you would probably see the word 'flexible,' " the official said, and an indication of acceptance of a lower level for the dollar than under the Louvre accord. "An agreement wouldn't mean absolute

zidity," he said. The stable-dollar policy created problems. Relatively low U.S. interest rates encouraged consumers to spend much more than they would have otherwise, and this preleast scrapped some of their old vented a significant reduction of courtesies. Top officials of Britain, purchases of imports and thus a

reduction of the trade deficit. Because Japan and West Germataxes if necessary to reduce the my could keep their domestic econbudget deficits more. And Mr. omies affoat by selling goods to Baker has publicly berated West Americans, they had less incentive Germany for slowing its economy, to cut taxes, lower interest rates or in the face of 1 percent inflation, by take other measures to stimulate their domestic economies and en-The dimensions of a change in courage their own consumers to

Economists have been saying for months that at some point, the cybooks of the world economy imply cle of American spending and borthat the U.S. currency should de-rowing has to stop. The dive of the cline 5 or 10 percent from its al- stock markets may have brought Pronounced and prolonged re-

more according to others.

Herbert Stein, who served as chairman of President Richard M. because the United States would need less and less foreign help in

Cutting the deficits also could throw the U.S. economy into a re-Whatever its pace or magnitude, cession, they warn, and possibly a further decline normally means many other economies that rely on

Japan Balks At Sanctions Against Iran

By Clyde Haberman New York Times Service

TOKYO - Japan has told the United States that it would not go along with American sanctions on trade with Iran, but suggested that it would at least try to hold imports of Iranian oil at present levels. The Reagan administration had

urged allies to join its decision last week to impose a ban on all Iranian imports and to tighten restrictions on exports to Iran.

It is unusual for Japan to turn Washington down on a sensitive matter, given the overwhelming importance attached to good relations with the United States. When Ja-pan says no, it does so only because of worries that it would otherwise damage vital economic and diplomatic interests.

In this case, Japan feared the loss of a significant oil source, and also wanted to preserve its status as one of the few industrialized countries to maintain diplomatic relations with both Iran and Iraq.

The rejection was relayed Saturday in a meeting here between Un-dersecretary of State Michael H. Armacost, and a Japanese deputy foreign minister, Ryohei Murata.

Mr. Murata told Mr. Armacost it was "too early to take economic measures" because of continuing United Nation efforts to mediate a settlement of the Gulf War. In addition, he said. Japan might still be able to play a diplomatic role to help end that conflict.

A statement said the Japanese oil industry would be asked to "behave with care and prodence in the face of any disturbances to the international oil market which might be caused due to the United States economic measures."

The phrase "care and prudence" suggested that Japanese companies would be advised, most likely through indirect but nonetheless effective channels, that they risked official displeasure if they were to increase Iranian oil imports.

In 1986, Japanese imports from Iran totaled \$1.1 billion, virtually all of it crude oil. Japanese exports. mainly machinery and ships, amounted to \$1.4 billion.

could once again profess a commit- French Scandal

(Continued from Page 1) it needed the sales to stay in business. Daniel Dewayrin, president of Luchaire, said that the Defense Ministry had "covered" the sales.

Little was heard about the affair until the two conservative newsmagazines, L'Express and Le Point, ran their stories this weekend about a secret report by the French Army's comptroller-general, Jean-François Barba.

An investigating magistrate, Michel Legrand, is expected to ask
Defense Minister André Giraud to declassify the report. The magistrate is not allowed access to confidential documents.

ential documents.

According to Le Point, the report says that between three and percent of the profits from the shipments went directly to the Socialist Party. It said that the alleged funding diversions went through numerous intermediaries.

The article also said that Admiral René Lacoste, former head of the French intelligence service, told President Mitterrand and Jean-François Dubos, a technical adviser to Mr. Hernu, about the sales. Le Point also stated that Luchaire sold some explosives to Iran

that were the same type used in bombings in Paris in 1985 and 1986. Some officials have tied those attacks to Iran's supporters. France severed diplomatic ties

with Iran last July after an official in the Iranian Embassy refused to appear before a French judge to answer questions about the attacks.

protesters threw stones at police, injuring an official, and broke windows during a demonstration in support of squatters Saturday, the police said. There were no arrests.

that Americans will pay more for American spending as well. A re-ISLAMABAD, Pakistan - Forthe goods they import and that for- cession could strike because the eign Minister Sahabzada Yaqub eigners will pay less for American process of cutting the deficits re-Khan has resigned for personal rea-goods. It could also mean higher quires cutting government spend-Khan has resigned for personal reasons, the Associated Press of Pakinsland news agency reported Sunday. goods. It could also mean nigner quite cutting governments ing or raising taxes, which takes can manage to prevent it, and it money out of consumers' pockets. However, prodded by the incen-Rally for Hamburg Squatters stan news agency reported Sunday. can manage to prevent it, and it means a lower standard of living post for five years. His resignation for Americans. Reviers However, prodded by the incen-HAMBURG - About 5,000 tive of a lower dollar, which means This, some economists say, is the lower prices for American goods, followed his withdrawal from the contest last month for the office of price the country must pay for five and by reductions in their own indirector-general of the United Nayears of recession-free growth ac-companied by an explosion of be expected to buy the goods that spending and borrowing by Ameri-Americans could not buy. tions Educational, Scientific and Cultural Organization. **ESCORTS & GUIDES ESCORTS & GUIDES** INTERNATIONAL CLASSIFIED MUNICH - SECRET ESCORT & Guide Service: 089/4486038 or 3111106 INTERNATIONAL (Continued From Back Page) AMSTERDAM JEANET ESCORT Ser-vice. Tel- (020) 326/20 or 340/10. ESCORTS & GUIDES **ESCORTS & GUIDES ESCORTS & GUIDES** FRANKFURT - SANDRA Escort Service. Tel: 06122/16 568 ONDON ESCORT SERVICE, Tel: 937 **ARISTOCATS ZURICH SUSAN** MUNICH . REMEMBER . ESCORT and Goide Service. Tel: 089/912314 ESCORT AGENCY London Escort Service 128 Wignore St., London W.1 All mojor Credit Cords Accepte Tel: 437 47 41 / 4742 12 noon - matright ESCORT SERVICE. 01/44 24 77 NEW YORK-LADY CHNAMON 6-con Service 212-996-2557 OPHIE FRENCH SPEAKING Escot Service. Tel: London 581 4147, ******GENEVA BEST LONDON'S BIANCA ESCORT Se vice. Tel: 01-625-4976. FRANKRURT "TOP TEN" ESCORT Service, 069/55-88-26 ESCORT SERVICE, 022/21 03 40 ONDON CRISTINA SWEDISH speciang Escort Service, Tel 452 5689 FRANKFURT AND AREA - Genini's Heart Excert Service. 069/657938 LONDON BELGRAVIA **GENEVA ESCORT** MILAN NEW SAFARI Excert Service. Tal: (392) 706878 792903 conds. LONDON ORIENTAL GUIDE and Es-cort Service, Tel: 81-243 1442 SERVICE Tel: 46 11 58 Escort Service. Tel: 736 5877. ONDON PRIVATE ESCORT Service. Tel: 01-589-4765 VIENNA HARMONY - ESCORT Service. Diel suburb: (12244-419) AMSTERDAM 2000 ESCORT Service Tel: 10 20-911030 GENEYA *DESIREE* MAYFAIR CLUB ESCORT SERVICE. 022/21 99 61 LONDON & HEATHROW Scort Service. Credit cords. 749 3062 COPERHAGEN-STOCKHOLM Mes Scondisovia escon service 451541706 ESCORT SERVICE from 5pm ROTTERDAM (0) 10-4254155 THE HAGUE (0) 70-60 79 96 ONDON ONLY LAPANESE ISCOR Service. Tol. 01 370 0534/603 7794. FRANKFURT - COMPANSON Secon Service. Tel: 059/62 88 05. * ZURICH * CAROLINE LONDON BRAZILIAN ESCORT Ser-vice. Tel-01-723 4666 SCORT SERVICE, 01 / 252 61 74 **CAPRICE-NY** MUNICH - LADIES Excert & Travel Service, 311 79 00 or 089/311 79 36



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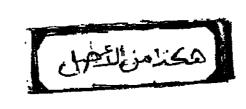
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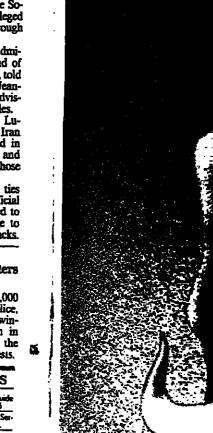
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Japan Balks At Sanctions Against Iran

By Chide Haberman TOKYO Japan has told the United States that it would not so along with American sanctions on trade with Iran, but suggested that would at least try to hold import of francian oil at present levels.

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seek to impose a ban on all Iranian to exports and to tighten restrictions R is unusual for Japan to tun

Washington down on a sensitive portance attached to good relations with the United States. When la par sas no. 11 does to only because of wornes that it would otherwise damase A. ... 60020mic and qiblo

marie iniciesis. In this case Japan feared the loss of a significant of source and also wanted to preserve its status as one in the few widthstrialized countries to maintain diplomatic relations with both Iran and Iraq.

The rejection was relayed Same day in a meeting here between Undersecretary of State Michael H dersecretary of State Michael H.
Armacost, 2nd 2 Japanese deputy
foreign minister, Ryohel Murata.
Mr. Murata teld Mr. Armacost ii was "too early to take economic measures" because of continuing United Nation efforts to mediate a settlement of the Gulf War. In addition, he said. Japan might still he able to play a diplomatic role to help end that conflict.

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GULF: French Scandal

(Continued from Page 1) it needed the sales to stay in busi-

ness. Daniel Dewayrin, presdent of Luchaire, said that the Defense Ministry had "covered" the sile Little was heard about the affair until the two conservance news-magazines. L'Express and Le Point can their stones in week end about a secret report by the French Army's communications

al, Jean-François Barba An investigating magistus, Mr. chel Legrand, is expend to at Defense Minister Andre Grand to declassify the report. The magitrate is not allowed access to comdential documents.

According to Le Poul the te port says that between the and five percent of the profits from the shipments went directly to the Se cialist Party. It said that the allegel funding diversions went through numerous intermedianes.

The article also said that Audi ral Rene Laceste, former head of the French michigence service wh President Mitterrand and Jean François Dubos, a technical wife or to Mr. Herma, above the sales Le Point and stated that la chaire sold some explosives to lan that were the same type used a bombings in Paris in 1955 and 1986. Some officials have red thos

artacks to iran's supported. France severed diplomatic its with frac less bely after an official in the Iranian Emplish refused to appear beiere a Franch judge m answer questions about the street

Rally for Hamburg Squatter

HAMBURG - About 500 protesters then stones it point more at official and broke up dows curing a demonstration is support of squatters Saurday, its

ESCORTS & GLIDE

INTERNATIONAL HERALD TRIBUNE, MONDAY, NOVEMBER 2, 1987

In Colombia, Uncontrolled Violence Breeds a Sense of Chaos By Alan Riding
New York Times Service

BOGOTA - Within the space of a few days this month, the leader of Colombia's main leftist party was assassinated, the country's best-known sculptor was kidnapped and several prominent writers and artists were forced into exile by death

That was not all. A bomb damaged the Defense Ministry in Bogota, 16 people were killed one afternoon by feuding emerald-smuggling rings, and gunmen of the left and right added several dozen to the estimated 1,200 political killings so far this year.

Even for Colombia, a country long accustomed to levels of violence that would be considered intolerable elsewhere, the events of recent weeks have proved too much to ignore,

The immediate response of many Coiombians has been to blame the govern-ment of President Virgilio Barco Vargas for a breakdown of law and order.

There is also new recognition that, while Colombia is in no imminent danger of being taken over by leftist or rightist extremists, uncontrolled violence is seriously undermining the country's democratic institutions. But perhaps most of all, the crisis has

exposed a deep sense of powerlessness. The population is perplexed," said Enrique Santos Calderon, a newspaper columnist. "People ask, Why is this hap-

pening?' and 'Who wants to destabilize the country?' and then they answer ac-

cording to their intuitions and passions."

Trends nonetheless exist. While at different times violence has come principally from leftist guerrillas and narcotics traffickers, there is now strong evidence that extreme rightists are waging war against nonviolent leftists.

The killing of the leader of the leftist Patriotic Union, Jaime Pardo Leal, on Oct. 11 served as the catalyst for the latest soul-searching, but it was in no way an isolated incident. Over the last 18 months, close to 500 other party members have been killed. Death threats sent out to a number of

priests, academics, lawyers, journalists, and artists have in turn spread terror to groups outside the Patriotic Union. Several of those threatened had denounced the rightist campaign. But in other cases, the motive was unclear. For many Colombians, the severity of the crisis became apparent only when

they learned that many prominent people - among them, the actress Vicki Hernandez, the musician Sergio Acevedo. and the journalist Daniel Samper Pizano - had fled the country. Yet while the leadership, structure, and activities of the country's leftist guerrilla groups are well known, no one has

able to identify the members of

what is apparently an active and well-

organized extreme right.

tack. justice minister, some 50 judges, and While warnings are heard that Colom-more than a dozen journalists who dared

There is well-documented evidence of the participation of some army officers in

rightist death squads. But despite chants at Mr. Pardo's funeral accusing the defense minister, General Rafnel Samudio Molina, of responsibility for his death, there is no proof that the army as an institution has adopted duty war" tactics.

The Patriotic Union contends that in many troubled regions, the extreme right includes cattle ranchers, narcotics traffickers and politicians, as well as army officers. Yet those who are coordinating what leftists call the "extermination campaign" at a national level have not been

Bernardo Jaramillo Ossa, the 33-yearold lawyer who succeeded Mr. Pardo as head of the Patriotic Union, said the extreme right's objectives at least are "It wants to drive us out of the political

arena, to force us to abandon the democratic struggle, to make us boycott next March's municipal elections," he said. "We're not going to give it that pleasure."

Many politicians link the latest wave of violence to the elections, scheduled for March 13, because for the first time in the country's history mayors will be elected rather than appointed by the central gov-ernment. Thus, where the Patriotic Union might win, it is coming under

bia is sliding irrevocably toward the kind challenge the power of the drug barons of polarization that has convulsed El Sal-who form the so-called Medellin Cartel. vador in recent years, this country's crisis

still somehow escapes easy stereotyping. The economy, for example, is growing strongly. The battle lines between left and right are not clearly defined, with many conservatives antious to disassociate themselves from the extreme right and some leftists openly critical of guerrilla tactics. And while violence in Central America is mainly political, things are complicated in Colombia for many

The kidnapping last week of the sculptor, Rodrigo Arenas Betancourt, was a case in point. He was grabbed in Medellin, a city where leftist guerrillas, narcotics traffickers, paramilitary gangs, and common criminals all operate with ap-parent impunity. Yet none took responsibility for the crime.

There were more than 11,000 killings in Colombia last year. Many of them are attributed to personal vendettas and crimes of passion, particularly since even minor disputes are routinely settled with

Further, violence has undergone a Known locally as sicarios, these gunmen have over the last three years killed a

qualitative change in Colombia this decade with the introduction by major cocaine traffickers of the paid assassin.

who form the so-called Medellin Cartel. Since mid-1987, when terrorized judges and politicians finally abandoned efforts either to jail major traffickers or to extradite them to the United States,

drug-related violence has sharply dimin-"The drug bosses now feel relaxed." one foreign narcotics expert said. "They don't need to kill anyone because they have gotten their way. They're exporting

more cocaine than ever and there aren't even arrest warrants out for them." In the process of intimidating society the drug mobsters have effectively destroyed Colombia's system of justice, which now seems incapable of confronting an array of other criminal or paramil-

itary groups. ■ 10 Policemen Killed

Ten police officers were killed when their vehicle was blown up by a mine in an ambush by guerrillas in northeastern Colombia, a military spokesman said, Reuters reported from Bogota.

The attack took place Friday near Be toyes, in Aranca Province, some 180 miles (300 kilometers) northeast of Bogo-In another incident on Friday, a mu-

nicipal councilor and local leader of the Patriotic Union, was killed by two gunmen while traveling in a bus in the east-ern province of Meta.

Sole Party in Tanzania **Keeps Nyerere at Helm**

By Sheila Rule

New York Times Service NAIROBI - Julius K. Nyerere, who ruled Tanzania for 24 years, political party.

Mr. Nyerere, 65, was elected to a the only candidate nominated for the end of October. the post by the party's national executive committee, and delegates were allowed to vote only yes or no.

Ali Hassan Mwinyi, the Tanzanian president, was the sole candidate for the position of party vice chairman. He received 1,907 votes; three delegates voted against him. To stem economic decay, Mr.

Mwinyi signed an agreement with the International Monetary Fund. an organization that has long been a target of criticism by Mr. Nyermoves to revive the economy, and the chairmanship. the changes have been popular years of deprivation.

Higher producer prices and fa-phone interview. There is a lot of vorable weather are leading to an pressure to make sure economic agricultural recovery, and foreign aid is pouring into Tanzania.

dependence from Britain in 1961 He turned over the presidency to Mr. Mwinyi in November 1985 bu has been overwhelmingly re-elect- retained the powerful position of Cha Mapinduzi Party.

ed chairman of his country's sole chairman of the governing Chams When he stepped down as presi five-year term Saturday, receiving dent, Mr. Nyerere said he would 1.878 of the 1,910 votes cast at the turn over the party post to Mr

party's 10-day convention. He was Mwinyi when his term expired a As the economic recovery pro gram began to loosen governmen controls, however, Mr. Nyerere, at orthodox Socialist, showed signs o

changing his mind. Mr. Nyerere reportedly said tha he had agreed to accept re-election because the party needed strength ening and because pressing domes tic and international issues called

for a sharing of power. Foreigners and Tanzanians who follow politics in the country said ere. Western aid donors have however, that some party members voiced pleasure over Mr. Mwinyi's had pressed Mr. Nyerere to keep

"The only reason Nyerere wantamong Tanzanians, who are able to ed to stand was to curb reforms," a buy basic consumer goods after Western diplomat in Dar es Salaam, the capital, said in a telereform does not translate into ideo-

Ortega Juggles Moscow Mission With Peace Plan

By Julia Preston

ngton Post Service MANAGUA — President Daniel Ortega Saavedra has left for a five-day trip to Moscow at a time when Nicaragua faces mounting economic hardship and when the Soviet Union has begun to set limits on aid.

Mr. Ortega said on Saturday that he would return home by Thursday, the first deadline for a peace plan he signed with four other Central American presidents. That means he will leave before Nov. 7, the most important day of the weeklong celebration of the 70th anniversary of the Bolshevik Revo-

Mr. Ortega's truncated trip to Moscow for a meeting of world leftist leaders reflects the bind Nic-

Yugoslav Leader Visits Cuba Reuters

HAVANA — President Lazar Mojsov of Yugoslavia arrived in Cuba on Saturday on a three-day visit for talks on trade and international issues, Cuban officials said. He is also to visit the site of the island's first nuclear power plant in er, Fidel Castro. Cienfuegos.

ragua is in. It is tugged toward the Soviet bloc by a pressing need for aid and pulled back to Central America because the peace accord could bring an end to U.S. support for the rebel war that helped crip-

been

ple the Nicaraguan economy. There have been discreet Soviet essages this year, however, that Nicaragua should not expect increased aid and should use what it has more efficiently. This has contributed to Mr. Ortega's decision to sign the Central American accord on Aug. 7 in Guatemala, diplomats in Managua said.

A visit to Moscow by Mr. Ortega at another critical juncture, in April and May of 1985, caused the U.S. Congress to reverse itself on aid for the rebels, known as contras, and approve the first of two aid packges totaling \$127 million.

Mr. Ortega, discussing his current trip at a news conference Saturday, said, "Nicaragua is not another state of the union. I don't U.S. Congress about why I'm trav-

"We're not interested in producing any chill with the Soviets because we've had a very positive relation with them which we're not the least

ashamed of and want to cultivate." Diplomats from both East and West in Managua were surprised insist that Mr. Ortega be in Moscow during an important week in the development of Central America's peace plan.

The compromise decision that he return early seemed a logical concession to regional pressures, the diplomats said. Soviet officials strongly supported the Guatemala accord in recent statements.

"If 60 percent of your economic aid comes from the Soviet bloc, you go to Moscow, a Foreign Ministry official said. "It's the place for con-The most painful unresolved is-

have to give any explanation to the U.S. Congress about why I'm traveling to Moscow."

sue is Nicaragua's oil supply. The minister for foreign cooperation. Henry Ruiz Hernandez, appealed The Nicaraguan president Thursday at a gathering in Manastopped off in Havana for two bours of talks with the Cuban lead- for Mutual Economic Assistance for 365,000 barrels of oil that Nicagua.

The U.S.S.R. is sending a clear to the Soviet bloc. We have political ties with the ragua needs for the rest of this year.

the Soviet government for the first time would not promise to cover Nicaragua's minimum budgeted petroleum requirements. In 1986, the Soviet Union provided 4.6 million barrels. This year they guaranwhen the Soviet Union appeared to teed only about three million and told Mr. Ramirez to get the rest

from other East bloc nations. Over the summer, Mr. Ramirez traveled to Hungary, Libya, Iran, Iraq, Czechoslovakia, Poland and East Germany, among other nations. But these countries were came from their own shrinking Soviet allocations.

"As it stands now they are facing a real fuel bind come December," a foreign economic analyst said.

Mr. Ramirez said, "The question is still open about what will happen

Meanwhile, the quality of the new Soviet fuel is reportedly so bad that it is causing cars to emit thick sin. He reportedly complained of gray smoke and has been blamed low gas prices at the pump — still for four recent crashes of cropatable at about 10 cents a gallon—sloppy dusting planes in northern Nicara-

Soviet Union we have to take care The council is the Communist message to Nicaragua: there is a cap to its commitment," said as Mercado said earlier this month.

Mr. Ramirez said he learned in ambassador in Managua. He theo cap to its commitment," said an Mr. Ramirez said he learned in ambassador in Managua. He theomeetings in June in Moscow that rized that the Kremlin's new tack is part of a larger policy shift to improve relations with nationalis governments in Latin America rather than favoring radical revolutionary regimes and movements most antagonistic to the United States.

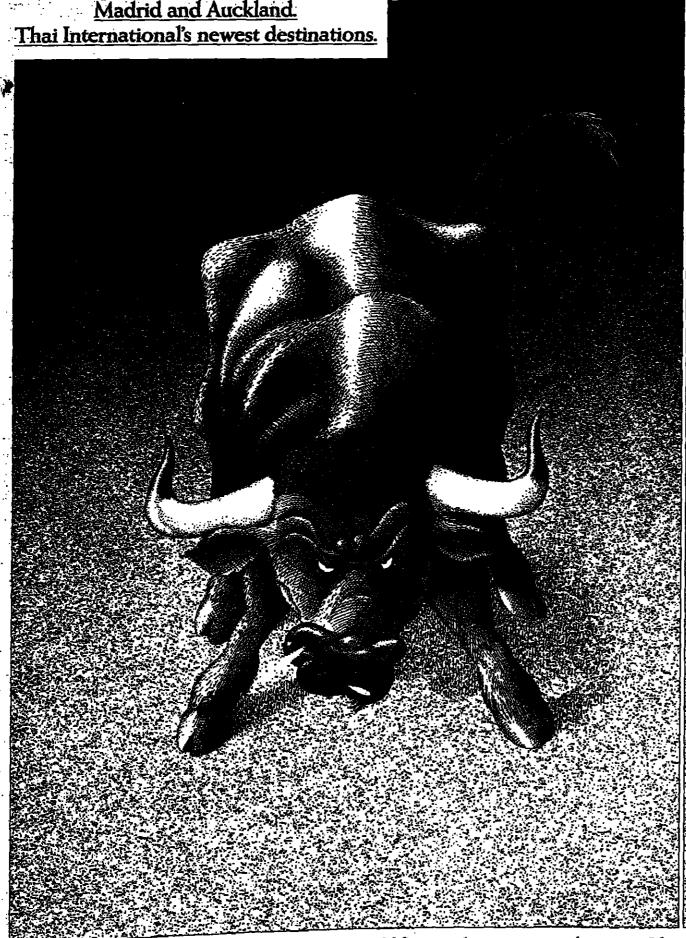
This year, Soviet aid aside from equipment, will come to the equivalent of \$350 million, Mr. Ortega said in a recent speech, with another \$150 million from other East bloc nations. By contrast, aid from stingy with oil, which in some cases non-Communist countries amounted to about \$100 million. The United States provides no aid to the Sandinist government and

enforces an embargo on trade. Most of the foreign aid comes in credit lines on "very easy terms,"

Mr. Ortega said. The first glimmers of Soviet displeasure came with a visit in March of a Soviet official, Boris N. Yeltadministration of Soviet aid and poor quality of Nicaraguan exports



Henry Ruiz Hernández, the Nicaraguan minister of foreign cooperation, right, talking with Pyotr Koshelev, a Soviet delegate, at a meeting in Managua of Communist officials



Madrid, Spain. City of sunshine, cool breezes and romance. Of flamenco dancers, singers and guitarists. Of toreadors and picadors. And now Thai opens its doors to this picturesque city. Flights commence December 5 from Bangkok via Rome every Saturday and Monday. Returning to Bangkok via Rome every Sunday and Tuesday.



Auckland, New Zealand. The perfect starting-off point for a holiday to remember. Skiing, boating, fishing, touring in the land of the famous All Blacks Rugby team. New Zealand has it all. Now Thai touches down there December 6, direct from Bangkok (leaves Saturdays), returns every Sunday.

Herald Tribune.

Ten Days to Remember

The 70th anniversary celebration of the Bolshevik revolution opens today, with Mikhail Gorbachev expected to start weaving back into Soviet history some of the many pages long ago torn out. The Bolsheviks thought themselves the vanguard of a socialist movement that would sweep the world. Those who commemorate the revolution now struggle with a troubled system.

General Secretary Gorbachev wisely seems to believe that he cannot build a future on past lies. There is no better way to penetrate the cynicism that pervades Soviet views about reform. But he must go beyond the worn excuses seen in the first glimpses of his forthcoming book.

John Reed, an American, provided an eyewitness account of the revolution in his book, "Ten Days That Shook the World." And so they did, for seven decades. Mr. Gorbachev might now well address 10 distinct, particularly troubling days, each symbolic of larger questions.

March 15, 1917: The overthrow of the czar.

The monarchy's end was followed by a provisional government that sped up modern-ization. It was these liberals and their democratic ideals that the Bolsheviks overthrew. Nov. 7, 1917: The Bolshevik seizure of

power. This is the revolution the Russians will celebrate, surely with great praise for the man who led it. But can they acknowledge that a part of Lenin's legacy was to reject the market forces and diversity of ideas whose return reformers now seek?

March 17, 1921: A new economic policy. Economic collapse forced Lenin into a large dose of free enterprise, in a program very much a model for today's reformers. The NEP did much to restore economic health. But its success generated enemies among the more orthodox Communists.

Jan. 21, 1924: Lenin's death. The bitter succession struggle, like the argument over the NEP, signified the clash of opinion over how best to pursue the goal of socialism. Leon Trotsky argued that it could never thrive in one state alone, and that limited resources should go into the production of consumer goods. Stalin, his eye on building power in the Soviet Union, pressed instead for industrialization and weapons, and won. Trotsky was later assassinated in Mexico -

and written out of history. Dec. 1, 1934: The assassination of Kirov. Circumstances surrounding the death of Sergei Kirov, the Leningrad party leader, were cloudy; many people suspected that Stalin was the instigator. The assassination stands at the start of 25 years of terror, in which Stalin wiped out enemies, real and imagined, perhaps by the millions, and brutally forced collectivization in his struggle to build an industrial giant and military superpower.

Aug. 23, 1939: The Nazi nonaggression pact. That Stalin made such a cymical and monstrous pact with men he had so long and so fervently denounced shocked the world. It contained a mutual pledge of neutrality and a secret agreement to divide Poland. Thus it provided a foretaste of Soviet domination of Eastern Europe.

Feb. 25, 1956: Demaciation of Stalin When Nikita Khrushchev denounced Stalin at the 20th party congress, he began airing the secrets of 25 years of terror and easing repression. But the man who allowed the publication of "One Day in the Life of Ivan Denisovich" denied the same to "Doctor Zhivago." He told Boris Pasternak that if he collected his Nobel Prize he could not return.

Nov. 4, 1956: The Hungarian revolution. The Khrushchev speech was attacked as an assault on party discipline and socialist morale worldwide. Soon after it, Hungarians seeking freedoms and autonomy learned that there was no room for such independence in the socialist alliance.

Oct. 14, 1964: Khrushchev's ouster. For what Prayda called "harebrained schemes" and "hasty decisions," the erstwhile reformer was stripped of power. Foreign pleas for explanations brought few. The effort to crase

Khrushchev from history began.

Aug. 20, 1968: Crushing of the "Prague spring." Soviet tanks rolled into Czecho-slovakia to smother the quest for democratic socialism. Leonid Brezhnev responded to international outrage with his doctrine: Soviet interference in other Communist states is justified by a "threat to the security of the

socialist community as a whole."
On March 11, 1985, Mr. Gorbachev assumed power, and he continues to surprise the world. His leadership follows 20 years of economic stagnation. His commitment to change is tested by Communist Party ideology and bureaucracy, and by the xenophobia, security mania and mistrust of in-

novation bequeathed by Russian history. There are history lessons here, and not only for Russians. A look at the last 70 years shows that the U.S.S.R. has not been a static place, nor communism an unchanging system; nor did reform begin with Mr. Gorba-

chev. But he wants to carry it much deeper. He celebrates the Bolshevik revolution not simply for ritual but to advance his own revolution. The prospects for this new revolution are utterly unpredictable. Unmistak-able, however, is the depth of proposed change. The system may be a super-bureau-cracy but it has produced a leader who himself shakes the world. Those who believe that they can deal productively with this Soviet revisionist on the basis of old platitudes need some new vision of their own.

Back to Space Defense

Mikhail Gorbachev is to arrive for a Washington summit, on Dec. 7, after all. He and Ronald Reagan will sign a treaty climinating medium-range missiles, a treaty that is a political issue in Republican circles but otherwise appears to enjoy broad public support in America. The two leaders will move on to discuss larger issues of strategic arms plus the other issues of Soviet-U.S. relations.

Why, a week earlier, had Mr. Gorbachev set a summit condition of prior U.S. concessions? There are lots of interesting theories. The important thing is that Mr. Reagan declined to panic and in a short time the Kremlin backed off. For Americans to try to play the angles in the Kremlin is foolish. What counts is to calculate the American interest, and then to follow through.

Events are back on the track they were on before the week that wasn't: the track of a confrontation over space defense. Mr. Reagan insists that vigorous American pursuit of his Strategic Defense Initiative is essential to security and peace, and Mr. Gorbachev insists that such pursuit is anathema. Mr. Reagan argues that agreement on a 50 percent cut in strategic warheads, his priority, should not be held hostage to space defense. Mr. Gorbachev says that offense cannot be fixed until you know what defense it might have to overcome.

- THE NEW YORK TIMES.

On the level of principle it all sounds beyond agreement. Still, the issue may yet be nudged to a more pragmatic level. The Soviet approach is to use the Anti-Ballistic Missile Treaty of 1972 — the basic common document on defense - to put agreed limits on testing and development. The Reagan administration approach --- well, there are two administration approaches.

One approach recommended inside the administration is to put the foot to the floor on the SDI in the hope that the progress thus to be gained will be worth more than any space defense accord with Moscow can bring. The other — the right course and the course Congress seems bent on enforcing by its power of the purse anyway -is to accept certain limits on testing and development in the expectation that nothing important in defense is lost by proceeding at a modified pace, and that much that is important in reducing the Soviet warhead threat is gained. - THE WASHINGTON POST.

Other Comment

And Then Off We Go Again?

This week, defense ministers from NATO gather in Monterey, California, in a mood of celebration. The summit in Washington is finally fixed for Dec. 7, when President Reagan and Mikhail Gorbachev will sign a deal banning intermediate and shorter-range nuclear missiles that represents almost exactly what NATO has been seeking for the past six years. Backslapping over, the ministers will turn to consideration of their next problem: how to fill the "gaps" in their nuclear armory which will be left when the cruise and Pershing-2 missiles are gone. To those not privy to the arcane calculus of nuclear deterrence, it may seem odd - not to say absurd - to remove nuclear weapons with one hand only to replace them with the other. Yet that is exactly what NATO intends to do.

The new deployments are known in the trade as "compensatory adjustment," a phrase designed to samitize the unpleasant truth: that NATO is so booked on nuclear weapons that even a deal meeting its every expectation, and in which the Soviet Union has to give up a thousand more nuclear warheads than the West, is not good enough. Historic it may be, but it still needs to be compensated for in the only currency NATO apparently understands, nuclear

warheads. NATO should think again. For if the West is entitled to "compensatory adjustments," is not the Soviet Union entitled to them, too? It would be the ultimate irony if an agreement that for the first time reduced the nuclear arsenals should prove the signal for a new buildup. That is the way to give disarmament a bad name.

The Observer (London).

State Should Behave Itself

The State Department must come to two realizations. First, pared down budgets are a fact of government at this time. State thinks it performs an essential function, and that is true, but no agency of government today receives the amount of money it thinks it deserves. Thus, it should be a priority of all agencies. State included, to develop the wisest, not the most alarming, savings. Second, the department must realize that its seeming distaste and disdain for Congress's traditional and legitimate role have taken their toil. and it must begin to repair the damage.

- Representatives Dan Mica, a Florida Democrat, and Olympia Snowe, a Maine Republican, the chairman and the ranking Republican of the House Foreign Affairs mmitee on international operations, writing in The Washington Post.

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Managing Dir. Asia: Michael Glern, 50 Glouester Road, Hong Kong, Tel. 5-8610616. Telen: 61170
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OPINION

A New and Different Morning in America

P ARIS — History's web has snared a swarm of dramatic events in the past two weeks and left them exposed in close proximity in its threads. The resulting pattern shows that we live in a world radically different from the one we inhabited just a few days ago — a world in which American influence and prosperity are on the decline.

On view now is much more than the weakened

state of the Reagan presidency or the particular flaws of Mr. Reagan as a leader. The stripping away of the facade of the false financial structure erected on Reaganomics brings to the fore a transition in America's role in the world that the strength and dynamism of America has reneatedly postponed, but which is now at the door. The wild gyrations of the stock market, the

dollar and interest rates struck down reputations and fortunes not only on Wall Street and in other financial centers. U.S. prestige and leadership were also marked down sharply, in a reaction that not even the current market rebound and the Dec. 7 U.S.-Soviet summit are likely to overcome.

Lingering damage seems to have been done to the idea that U.S.-style free markets are the irresistible wave of the future. In Britain and France, conservative prime ministers who have proudly promoted the sale of stock market shares in denationalized firms to the people, as a way of spread-ing capitalism (and boosting their own political fortunes), suddenly have egg all over their faces. Left-of-center parties are seeing their recently discredited policies of strong market regulation and economic intervention take on new life as a

result of what is widely seen as an American-

By Jim Hoagland

caused debacle. The leftist governments that took the brunt of the political fallout of the 1979 oil

shock will savor this potential reversal.

With America mesmerized by Wall Street, sudden lurches in the Soviet-U.S. dialogue and the failure of a weakened president to get the Supreme Court justice of his choice, efforts to develop alternatives to dependence on U.S. leadership appeared to move into a higher gear in many places. Bonn and Paris escalated discussion of French-German cooperation on nuclear strategy, which has always been a coded way for the West Germans to express doubts that they cannot voice directly about U.S. security policies. (Neither government has any real interest in the subject on its own merits.) In The Hague, seven West European

implicit vote of diminished confidence in American abilities and commitments. In the Gulf, Kuwait watched in dismay as the United States declined to retaliate for an Iranian attack on a vital Kuwaiti oil terminal. The Kuwaitis then let it be known that they were deeply involved in talks with Egypt about Egyptian mili-tary protection in return for massive economic aid. The decision to show restraint for the attack on

governments issued a new security deciaration in

the terminal was prudent. The well conceptualized retaliatory strike against an Iranian oil platform the week before also deserves praise rather than criticism. But such actions cannot be separated out from the failure of overwhelming American military force to calm the Gulf, nor from the impact of

the financial crash on American allies.

The image of U.S. Navy gunners shooting up a deserted Iranian platform at about the time world stock markets began to crash symbolizes the refus-ai of this administration to match open-ended military ambitions with diminishing economic autonomy. It is Mr. Reagan's unintended version of

Conrad's gumboat senselessly lobbing shells into the African interior in "The Heart of Darkness." A current, uncelebrated anniversary helps show that the transition ahead can be shaped into something that benefits America and the countries that share its values and economic system. It was just 30 years ago that colonial Europe began its final retreat, as the Gold Coast became Ghana, Ousted settlers and conservative politicians at home pre-dicted disaster as European markets lost guaranteed suplies of rubber, cocoa, diamonds, peanuts and other commodities from Africa and Asia.

Today in the prosperous and sophisticated cities of Europe it is hard to remember what the fuss was about. Gradually freed of the burdens of colonialism, the Europeans plunged into the Common Market, which also began in 1957, and sped through a transition in which they became less important in running the world's affairs but more attuned to the needs of their own societies. They rely much more heavily on political and diplomatic skills to secure their role in a multipolar world. Two weeks of turmoil indicate that something like that lies ahead for America. The task now is to manage that transition to America's advantage.

The Washington Post.

Six Measures to Put the World Economy Together

By Malcolm Fraser

MELBOURNE — After the collapse of stock markets around the world in recent days, many people be postponed or balted. Even those are asking what will happen next. Obwho have not invested in the stock viously confidence is shattered and

investors are very nervous. Unfortunately, a number of bearish factors are already built into the situa-

tion, factors that are not dependent on put off or reversed as corporations

markets will feel uncertain about the future. This is bound to have an impact throughout the coming year. Many investment decisions will be

These measures would revive confidence in the economic leadership of the Western world.

sentiment or panic but on economic wait to see how the current environreality. Banks will be looking at all overdraft limits and lines of credit. Some have already been canceled or reduced. Many leveraged corporations or individuals will be forced to put assets on the market. This will put further downward pressure on an already difficult and sensitive situation.

In the United States, the stock market crash on one day alone destroyed 25 percent of corporate wealth. Australia fared no better. It is inevitable that purchases of consumer goods will

ATLAST! A SUMMIT!

ment affects consumers. Deregulation in Western countries has added to these uncertainties. Many prudential rules were applied to financial markets in the 1930s to try to make it impossible for the Wall Street crash of 1929 to happen again. In the rush and unthinking worship of deregulation, many of those prudential rules have been abandoned. Financial insti-

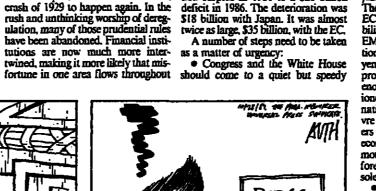
budget and trade deficits are the basic causes of the current collapse. These twin deficits have undermined confidence in U.S. political and economic leadership. This is particularly evident in Japan — which is nowhere near as much responsible for the U.S. trade deficit as many Americans believe. Between 1981 and 1986, the U.S.

the whole system. This is not an argu-

ment against deregulation. It is a criticism of the way it has been done.

There is no doubt that the U.S.

trade deficit with Japan increased threefold, but with the rest of the world it rose fivefold. With Japan, the deficit grew in U.S. dollars from \$40 billion to \$58 billion; with the European Community it went from a \$9 billion surplus in 1981 to a \$26 billion deficit in 1986. The deterioration was \$18 billion with Japan. It was almost twice as large, \$35 billion, with the EC. A number of steps need to be taken





The Good Scenario is the Complex One

By Yoichi Funabashi

thwart creeping inflation, U.S. Treasury Secretary James Baker sought to halt the move. Then markets sensed

that the Louvre agreement on curren-

is no longer the economic world lead-

er. It is the country with the biggest debt, living on a hand-to-mouth com-bination of clever dollar-cheapening

moves to make the debt look smaller.

Markets seem to regard the United

States now as being incapable of a solution, and to consider Japan, de-

The point is that the United States

cy stability was just talk.

WASHINGTON — The expect-ed happened. The financial meltdown on Wall Street sent shivers through the United States, with numerous comparisons of October 1987 with the crash of October 1929. Five years ago House Speaker Tip O'Neill said that President Reagan was a smiling Herbert Hoover. That com-

parison now seems extremely apt. The United States, superpower that it is, became a debtor nation in 1985, and its debt has snowballed steadily to the point that some anticipate a bankruptcy in the mid-1990s under the weight of a \$1 trillion debt. Reaganomics brought a 1981 tax cut and an expensive military buildup that have nerated a huge budget deficit, high

interest, unwarranted strength in the dollar and a chronic trade delicit. Mr. Reagan has so far rejected a tax increase. He has chosen instead to hold the dollar artificially lower against the yen in a failed attempt to cut the trade deficit. Without a correction of the present course, the annual trade deficit threatens to swell to well beyond \$100 billion in the next several years. The result would be more debt and greater dependence on other countries, especially Japan, to invest the capital needed to generate interest payments and moderate the deficit. The stock market plunge may

thus be the early symptom of the failure of the "soft landing" scenario and the signal that a much more jarring "hard landing" is to come.

Repeated interventions by central banks in the Group of Five (Britain, France, West Germany, Japan and the United States) after the 1985 Plaza occord and the 1987 Louvre agreement have pulled the dollar from the brink by injecting \$70 billion to \$80 billion. The result has been a sharp increase in the money supply and more inflationary pressures. When the Federal Reserve Board raised interest rates early in September to prop up the dollar, it was seen as a signal of still nigher interest rates to come.

As the Bank of Japan and the Bundesbank moved their own poli-

cies toward higher interest rates to

spite its strength as a creditor, as being unwilling to be the "international lender of last resort." Where will it all lead? Here are three possible scenarios:

Scenario 1, the worst case, sends out a wave of dollar selling within a few weeks, taking the value above the 130yen range. Interest rates skyrocket and inflation fears lead Japanese institutional investors to pull away from their U.S. investments. That sends the dollar lower and freezes consumer spending. The U.S. Congress enacts a protectionist trade package. Scenario 2 is less drastic. The market, disappointed with America's in-

ability to cut its deficit, puts more pressure on the dollar. Selling de-presses the dollar lower than 130 year mid-1988. Anxiety over creeping inflation and rising interest rates re-sults in a worldwide recession in 1988. Scenario 3 is the most desirable, but the most complex. Stock prices edge lower, but a tight money supply stabilizes the dollar, limiting the trade deficit. Mr. Reagan and Congress cooperate on an aggressive combination of budget-tightening cuts and higher taxes. The combina-tion convinces central banks in Japan and West Germany that they should ease their own monetary policies. The effectiveness of such measures would depend on the changes during the first six months, when the growth rate would be expected to be nearly zero.

last scenario, no one could deny the real possibility of the first, worst-case scenario coming about. How could the best of the three paths be attained? The United States needs to show

fundamental budget-cutting, revenue-raising action to the world as quickly as possible. The business climate is crucial, because intemperate cuts could only make things worse. Con-gress should eliminate protectionist language from its trade bills, because such measures could undermine the already weakened dollar. The notoriously protectionist Smoot-Hawley Act of 1930 must not be repeated.

The Federal Reserve should establish credibility with a clear policy on money supply, and Japan and West Germany should follow suit. A new world monetary system is essential for a solid policy coordination. G-7 countries should explore the possibility of forming something like a flexible tripartite currency target zone that might combine the European Monetary System with a yen-dollar target zone.

The task before Noboro Takeshita Prime Minister Yasuhiro Nakasone's successor, is to maintain the current fiscal stimulus policy, implementing the recommendations of the Mackawa report to shift Japan's economy from its export emphasis to one led by domestic demand, and to promote vigorous policies to recycle Japan's trade surplus to the rest of the world. The stability of the world's economy will depend on how the trade surplus recy-cling is conducted. If it fails, Japan might eventually be labeled the instigator of a worse financial meltdown. In addition, Japan should resolve its trade friction with the United States on such issues as closed bidding on Japan's public works projects and permitting foreign rice growers access to the domestic market. This would help assuage the U.S. Congress and ease the threat of protectionist legislation.

The writer, a former Washington correspondent for the Asahi Shimbun, is a visiting fellow of the Institute for International Economics in Washing-Despite the obvious wisdom of the ton. © 1987 Asahi News Service.

spending cuts in areas including defense can be accompanied by some tax increases. A substantial lowering of the budget deficit would almost certainly be deflationary, but unbalanced ' American policies have communed so long that there is now no other option. Having come to an agreement with Congress, the president could use the accord to persuade West Germany, Britain and Japan to undertake appropriate expansionary policies. Ja-pan has started this process, but after a

agreement on a \$50 billion cut in the U.S. budget deficit this year and a further \$50 billion cut next year. Con-

gress and President Reagan should be

prepared to compromise so that

could probably move further. · Britain should be persuaded to join the European Monetary System. Then the United States, Japan and the EC should consult about ways to stabilize exchange rates. An expanded EMS would be feasible. Wild fluctuations of up to 70 percent between the yen and the U.S. dollar have been very profitable for financial markets but eaormously damaging to old-fash-ioned trade, upon which the wealth of nations depends. The Plaza and Louvre agreements between central bank-ers were an admission that the major economies now recognize the enormous impediment that arises when foreign exchange rates are determined

major cut in the U.S. budget deficit it

soley by market forces.

• There needs to be an agreement between the major central banks to keep interest rates as low as possible. But America's rates will have to be high enough to attract West German and Japanese investment to fund the U.S. trade deficit. Central banks have want commitments from its key ecocan no longer ignore reaction policies in creditor countries.

• Those countries whose banks are owed huge sums by countries in South America and other parts of the Third World should immediately forgive half of that debt, conditional upon reasonable policies by the debtor countries concerned. Such a mea-sure should be regarded by the West and Japan as self-interest, not altruism. Most of the heavily indebted Third World countries have already experienced a big decline in living standards which were never high in the first place. Relieving them of a substantial portion of their debts would give them some hope for the future. If their economies were expanding, they would also be buying

from the industrialized world. • President Reagan should commit himself to veto any new protectionist measures from Congress and seek equivalent commitments from other major industrial states.

These steps would revive confidence in the economic leadership of the Western world. That would put a floor under financial markets. They would not return to previous heights, but the fallout could be contained.

Even with these corrective measures, recession is probably inevitable. But if remedial steps are not applied, the West will face a major depression.

The writer, a former prime minister of Australia, octs as a consultant to compa-nies in Australia, the United States and Japan. He contributed this comment to the International Herald Tribune.

1887: In the Next War

cause an important diversion, and 1937: For the Fallen would assure our triumph."

every nation joined in tribute to the 1.357,800 who fell two decades ago.

Let's Have Volcker **Out Front**

By Anthony Lewis

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ONDON — A financial world fearful of incompetence in the American government is looking desperately for reassuring symbols. Peo-ple want a sign that Washington understands the seriousness of the economic threat. They want to see a willingness to put aside political fan-

Book Carlot cies in a search for common purpose.

The eagerness for restored faith in
U.S. leadership is tangible. What actions would be symbolically effective in the task of restoration?

"Bring Back Volcker." That was the heading on a letter published in London the other day. The same sentiment could no doubt be found in other international financial centers. Paul Volcker made his mistakes as chairman of the Federal Reserve Board, but there is immense international confidence in his nonpartisan financial judgment. To bring him back into the picture would be a potent symbol of reason and determination. What might Mr. Vokcker do? He could be brought in as secretary of the Treasury in a reshuffle of the Reagan cabinet and White House staff. Or he could be a special ambassador to orga-

nize an urgent international meeting on the financial crisis. Such a meeting would itself be an important symbol. We have learned in the last two weeks how technological change has created a single world financial market. Any shock in Tokyo or London or New York reverberates on the other markets at once. More than ever, the Western economies must hang together — or sepa-rately, as Ben Franklin said.

The purpose of a conference would be to demonstrate that the political leaders of Europe and Asia and America understand their countries' interdependence and are ready to put aside narrow self-interest and ideology for common goals. It could be an effective gesture in restoring confidence, but there is a catch: It has to work.

The gloomy precedent that warns of the risk of failure was the London Economic Conference of 1933. It was designed to take cooperative steps to relieve the world depression, but Franklin Roosevelt torpedoed it. National trade barriers grew worse. So

did the economic decline. A conference now would be worse than useless without undertakings from the major participants before it was held -- earnests of commitment to the common purpose of restoring confidence. It is not hard to see what some

of them would have to be.

Reducing the U.S. budget deficit is the first requirement. Some economists warn that government spending cuts and tax increases are unwise as the economy faces possible recession. That is logical, but in this case the symbolic need is overwhelming. The world wants to see that Mr. Reagan is ready to put aside the ideological obsessions that have led to profligacy.

already bought up to \$90 billion in
U.S. government securities to stabilize the dollar this year. There is a and Japan will have to take the risk limit to what they can do. America of some inflation and expand their e if there is to be international cooperation.

The American symbols needed are not limited to steps by the executive branch. Something is required of Congress, too, and no one can be in any doubt what that is. It is to give up the

effort to pass a protectionist trade bill. Can anyone imagine a surer way to international financial ruin than final passage of Representative Richard Gephardt's trade bill? It would evoke memories everywhere of the Smoot-Hawley Act, the tariff increase of 1930

that intensified the collapse. But in the American system the main source of leadership has to be the White House. Only a president can rally the people in difficult times, reason with Congress, overcome dif-ferences with allies.

To say that is to recognize the essential difficulties of economic confi-dence-building today. Mr. Reagan cannot himself restore confidence in New York or London or Tokyo, because everyone in the financial world knows that he does not understand the problem. Facing a profound threat to his country, he spends his time reading out preposterous diatribes about the

Senate and the Someone Court.

That is why Mr. Volcker's return would be more than a symbolic gesture. He would not come back to public office unless he could act effective ly. If he came back under such terms, President Reagan would have to stop uttering his economic fantasies. He would have to follow Mr. Volcker's lead, and that would matter.

The New York Times.

100, 75 AND 50 YEARS AGO

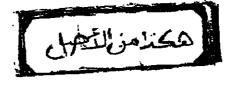
PARIS --- General Count Waldersee. who is regarded as the ultimate successor of Count von Moltke, said recently in a conversation with the of violence. Rumors are current that Bavarian Minister to Berlin: "In the 15,000 Turkish soldiers who deserted next war with France, I do not be- after the disaster at Kirk Kilisse are lieve that Germany will be supported by Austria. My last sojourn in Mora-via convinced me of that. But Italy, who always fears that the French who always fears that the French hungry refugees, who have been driv-Catholics wish to restore Rome to the Pope, will make common cause with advance of the Bulgarian armies. us. Her army of 280,000 men would

1912: Panic in Turkey

CONSTANTINOPLE - The news of the Turkish reverses is slowly fil-tering through to Constantinople, and, owing to the increasing uncer-tainty and alarm, the population is growing more and more apprehensive. There are evidences on every hand that grave trouble is approach-

ing. From all quarters many doubtful elements are converging on Constantinople. Fierce Kurds roam about conversing in angry whispers, as if they were inciting each other to acts approaching Constantinople, plundering the villages and farms as they pass. Stamboul is flooded with

PARIS — A gray sky and the slow, vibrant notes of the bugle encased the homage paid yesterday [Nov. 1] on Toussaint at thousands of French cemeteries to the French dead. In the tiny villages of France, the ceremonies were simple; in Paris and sur-rounding towns, high governmental officials and representatives of almost



The Dutch Dilemma

JONDON — A financial work I carful of incompetence work American government is looking de peracely for reasoning symbols has ple want a sign that Washington to derstands the seriousness of the economic threat. They want to see willinguess to put aside political la cies in a search for common purpose IN THE NEWS

Let's Have _____

By Anthony Lewis

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willinguess to pur aside political in cies in a search for common purpose. The eagerness for restored task a tions would be symbolically effects to the trek of restoration? March 19: Port Union Suspends 9-Week Strike

The Dutch transport union suspends a nine week strike at Rotterdam port while an Amsterdam court considers the union's complaint. About 4,500 workers in the general cargo sector went on strike to protest plans to lay off 350 workers.

Sept. 15: New Budget **Eases** Austerity

Providing respite from past austerity, the coalition government unveils its 1988 budget to parliament. Finance Minister H. Onno Ruding's budget calls for a trimming in personal income taxes for the first time in seven years. As a result of public spending seven years. As a result of public spending cuts of 4 billion guilders, the central government's budget deficit is expected to shrink by 0.4 percentage points to 7.2 percent of national income in 1988.

Oct. 1: Dutch Sign 5-Nation Accord on Rhine

Although compensation is still being ne-gotiated for damages caused by a chemical fire last November at a warehouse of the Swiss chemical company Sandoz, the Nether-lands expressed satisfaction with a threestage plan reached by environment ministers from the five states bordering on the Rhine to clean up the river by the year 2000.

Oct. 5: Villages Protest Refugee Settlement Plan

Several villages in the southeastern part of the Netherlands stage demonstrations against the government's effort to place newly arrived political refugees outside the traditional settling points of The Hagne and Amsterdam.

Oct. 26: Government Takes A Stake in Fokker

The government announces that it would take a minority stake of up to 49 percent in the aircraft maker Fokker as part of a financial rescue package reached with the com-pany's banks. Under the accord, the firm, NV Koninklijke Vliegtuigenfabriek Fokker, would receive 527 million guilders in new funding from banks and the government.

THE BEST AND THE REAL PROPERTY.

Strains of Conscience

On Permissiveness **And Stormy Skies**

By Peter Brusse

MSTERDAM — A year ago, in a Paris hotel, I overheard a conversation of American lawyers who were attending an international conference. One of them said: "I love Europe. I go there as often as possible. France, Italy, Germany, but not to Holland anymore. Amsterdam used to be great. It is finished. Rotten to the core. A

shame. Don't go there."

I was shocked and offended. How different from the postcards I used to get from foreign friends telling me: "Apart from the dogs, Amsterdam is such a love-

In the last months, waves of bad news coverage have been hitting our dikes. Time magazine asked in a cover story: "Has permissiveness gone too far?" The German weekly Der Spiegel followed suit, and the British magazine The Economist stated in a survey on Holland: "Europe's neatest and tidiest country is beginning to look a mess." And it was not just the dogs. Amsterdam, it was said, had its virtues of tolerance and pleasantness thrown away. It now was a violent city of beroin addicts, child pornography and

canal muggings.

Reactions in the Dutch media were often fierce. A Dutch journalist who had worked on the Time article was accused of betraying his country. Editorials proved that we are more nationalistic than we dare to admit. They spoke in terms of the American slogan during the Vietnam War: "Like it or leave it."

The problem, of course, is that most of the articles in question were written by foreign visitors who had already left.

Some commentators reacted with an "I told you so." The Foreign Office gave instructions to the Dutch embassies on how to give a positive picture of the

PETER BRUSSE is deputy editor-inchief of the Dutch newsmagazine Elsevier. Netherlands. Our exporters reassured the nation with: "Our trade is not threatened

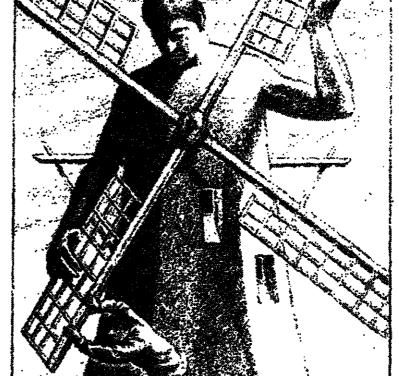
by the adverse publicity. And, as so often in our history, the Dutch group together and pray: Oh Lord. let the storm die out.

We know that we are misunderstood. We are different but tend to forget that all countries proud of their identity are different and have different views.

We often give the wrong impression. I went to England as a correspondent during the Swinging Sixties. It was the era of the Beatles, Carnaby Street and Mary Quant I experienced that time as a celebration of new freedom. Anything seemed possible. It was great fun. The Netherlands, too, went through a playful era. But seen from England, I was aware of a typically Dutch moralistic streak. Anarchistic youngsters (along with mem-bers of the Amsterdam City Council) dis-rupted military tattoos by emptying buckets full of colorful marbles in front of the soldiers. The soldiers lost their balance and behaved as if they were walking on ice. It was fun but serious as well. It was the expression of strong anti-military feeling.

And Holland being Holland, the antiauthoritarian, permissive movement was bound to reach the church, mainly the Catholic Church (a third of the population was registered as Roman Catholic). Dutch priests got worldwide attention

cither by marrying homosexual couples or by getting married themselves. I remember going to a London dinner party, where I met a local parish priest. He accused his Dutch brethren of being heretics and talked of the Dutch church as a new Sodom and Gomorrah. I tried to explain that those married priests were far from sex-mad creatures but very sincere men. They were struggling for the truth in a permanent fight with their conscience. They were not lighthearted escapists; they were heavy-going moralists. I argued that he should not forget



We know we are misunderstood.

Dutch society itself, impregnated by Cal-vinistic puritanism. "If you want to un-derstand our character, you have to look at the skies in the Dutch landscape. They are heavy and gray and always on the

I wonder if the nice London priest is still around. If so, he should visit the beautiful exhibition of 17th-century Dutch landscapes in the Riksmuseum in Amsterdam. In its catalogue, the art historian Josua Bruyn argues that those famous landscapes of Rembrandt, Ruisdael and Goven, are not a glorious expression of a proud and new Dutch Republic. that the Dutch Catholic Church was, as These "revolutionary, realistic" paint-

ings, Bruyn believes, are in fact morality tales. They are warnings against the sins and vanity of life on Earth. The dilapidated farmhouse shows the vice of idleness the inn is the temptation which the pilgrim on his path to the eternal light should avoid. He should cross the bridge of Christ the Redeemer. The drinking parties in the brothels remind the fearful people of the dangers of pleasures of the flesh. They are "painted sermons" and should not be seen as the titillations of a

17th-century permissive society.

Of course, it would be silly to suggest Continued on page 9

An Uphill Road

Austere Years Bring Some Signs of Relief

By Giles Merritt

THE HAGUE — During the darkest years of recession in Europe, when the economic diagnosticians were identifying first the "British disease," and then the "Belgian disease," the Netherlands seemed a haven of economic good health. The only malady that could be tracked to the Netherlands' door appeared to be Dutch elm disease.

But that was in the 1970s, when the combination of scarce expensive energy and peak production in the Netherlands' vas offshore reserves of natural gas were giving the Dutch economy a major boost. Nowadays, that scale of gas bonanza is a thing of the past. And although the government led by Ruud Lubbers has pursued some courageous and effective economic policies the Netherlands is nevertheless finding it an uphill struggle to

achieve economic well-being in the 1980s.

When Mr. Lubbers' Christian Democrat-led coalition first gained power in 1982, it promptly introduced an economic austerity program designed to curb the snowballing government deficit and reverse the expansion of the public sector. The toughnew strategy for slashing public spending in areas like welfare health and housing at first provoked howls of protest, but it has this year given the government enough leeway to announce that it is easing austerity and cutting taxes.

One of the main achievements to date of the Lubbers government, and of Finance Minister H. Onno Ruding, has been that it has convinced the Dutch electorate that propping up lame duck industries like steel, shipbuilding and textiles with state subsi-dies is no substitute for an industrial policy. Instead, Mr. Lubbers has concentrated on measures that boost corporate

profitability and stimulate investment spending.

The result has been that for the average public company in the Netherlands, the return on equity has doubled to 12 percent. while manufacturing has soared. It is 40 percent above the level at the start of the 1980s and has thus increased by about four

times the average elsewhere in the European Community.

The new emphasis on streamlining the Netherlands' industrial base and making Dutch manufacturing more competitive has paid political dividends for Mr. Lubbers. When he took his center-right coalition to the polls in May of last year, he was reelected to a second term with a comparatively safe margin by Dutch political standards.

The view from outside the Netherlands of the Lubbers Continued on page 8

Why our countries a great many doors is

10 YEARS AGO

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1937: For the Fallen

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"God created the world, but the Dutch made Holland." That's how one observer tried to define the greatness of the Netherlands.

A fitting remark, in our opinion. Because it says worlds about the massive efforts the Dutch have made to turn their damp and marshy country into a prosperous nation.

The never-ending struggle against the sea has always played a major role. But equally important was the intensive world trade which allowed this insignificant 17th-century Holland to develop into an economic power of enormous significance.

The repercussions of those past efforts can still be felt today. It's no coincidence, for example, that the Netherlands is one of the world's most internationally oriented countries.

That it has such a highly developed infrastructure. A strong private sector and a stable currency. Not to mention its extensive financial and economic ex-

perience and know-how. All of which adds up to an extremely interesting picture, particularly for foreign

The efficient domestic organisation of the Netherlands is no coincidence either. After all, a small and densely populated country can only operate efficiently with the help of a finely tuned organisation.

As soon as you decide to invest in the Netherlands, you'll become pleasantly acquainted with this high degree of organisation. And you'll discover that, thanks in part to our country's compact size, we can open a great many doors for you. No matter which location you choose.

You'll always find government agencies and institutions relatively close to your base of operations. Which provides you with quick access to all the faciliues vou need.

So you can work efficiently. Save a lot of valuable time. And achieve high returns. In order to make expert advice available to you from the very start, we've set up the Netherlands Foreign Investment Agency: An organisation which is there to help you. with the sober realism you'd expect from the Dutch.

We also open doors for you. By advising you on the best possible site for your operations. By showing you a wide range of distribution and transport services. And by familiarising you with the world of subsidies. We'll also establish the necessary contacts. And provide you - upon request - with a careful cash-flow analysis.

In short, our agency will make every effort to ensure that your move to the Netherlands is a successful undertaking.

It's up to you to take the first step. If you would like more detailed information about investing in the

Netherlands, write or call us. Or contact our consultant in your own country.

In the Netherlands:

Netherlands Foreign Investment Agency, Office for Europe, P.O. Box 20101, 2500 EC The Hague. Mr. Hubert Tabbers, Phone: (31)(70)797029/797645 In the United Kingdom:

Peter Biddlecombe Associates, 6th Floor, 6, Vigo Street, London W1X 1AH, Phone: (1) 4375927.



OF ECONOMIC

NETHERLANDS FOREIGN INVESTMENT AGENCY

The Netherlands. A great country for investment.

To Cut Health Costs, Dutch Test Competition

By Ronald van de Krol

MSTERDAM — Four Dutch hospitals are soon to find themselves pushed into competition with a commercially operated health clinic as part of a government experiment aimed at finding ways to control the skyrocketing cost of the public

Starting in January, the four hospitals in and around the city of Nijmegen will each be required to set up a diagnostic clinic to compete with a private clinic that will be run by Dr. J.B.J. Boerema, an prologist who hopes to create a chain of private health clinics in the

The experiment is designed to see which side

the traditional hospitals or the profit-minded private clinics — can carry out blood tests and other diagnostic examinations at the lowest price and with the highest degree of care.

"The goal is also to see if this kind of set-up is even possible in Holland. So far, the present system makes no room for the profit motive." said a spokeswoman for the Ministry of Welfare, Health and Cultural Affairs. Despite the novelty of the Nijmegen experi-

ment, the Netherlands, with its long tradition of state-regulated public health care, is not on the verge of privatizing health care. But the fact that the experiment is taking place at all reflects the sense of urgency about

deciding how to finance the extensive public health system in the years ahead. The need to make decisions for the future is

especially acute because of the "graying" of the population and the continued slump in reve-nue from the country's natural gas fields that have fueled and sustained its social welfare system since the late 1950s.

There have been any number of reports in

The experiment reflects a new sense of urgency about finding a solution.

the past which show that if something isn't done, health care as we know it will simply become unaffordable," the ministry spokeswoman said.

For a country that prides itself on providing good, affordable health care for all, regardless of income or age, the difficulties ahead are obvious and worrying.

The Dutch population is aging rapidly and living longer than before. This, combined with medical advances in heart disease and cancer treatment, means that the cost of health care already equivalent to one-tenth of gross pr tional product (GNP) — is bound to rise. - problem is compounded by the fact that the working population, which largely funds the health and social security systems, is expected to shrink in the next century compared with

the size of the elderly population. The most difficult time for the health and social security systems will be the years 2010-2030, when the baby boom generation of the post-World War II era begins to reach retirement age. In 2010, for example, about 3.56 million Dutch people will be over retirement age, twice as many as in 1987, but the overall

population is not expected to be significantly higher than today's 14.57 million. With this in mind, the government appoint-ed a panel headed by Wisse Dekker, former president of the Philips electronics group, to draw up recommendations for the future structure and financing of the health system.

The so-called Dekker Commission recommended earlier this year a radical restructuring of the health insurance system.

Its overall recommendations are complex, but they boil down to this: the national health insurance scheme should be transformed into a compulsory, basic package covering 85 percent of possible health risks and costs, such as visits to the doctor, hospitalization and surgery. People would then have the option of taking out private health insurance to protect themselves against the remaining 15 percent of potential health problems and costs, such as dentistry, physical therapy and medicines. The commission argues that health care

costs can be kept down by injecting into the system more competition among health insurers and by making patients more aware of the true costs of care by, for example, giving them the choice of whether or not to take out supplementary private coverage. But it also rejects the idea of giving market forces free rein. "The proposed strengthening of the market

orientation of the system is meant only to create greater flexibility . The quality of and access to care must be safeguarded under all conditions," it said.

Under the current system, about 70 percent of the population falls under a compulsory state insurance scheme that provides most services free of charge, such as treatment by doctors and specialists, stays in general and psychiatric hospitals, medicines, and some

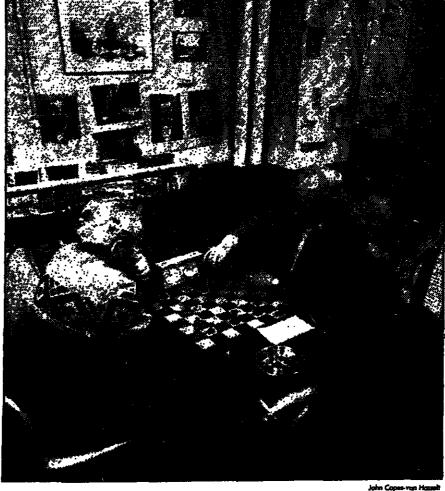
To qualify, people must earn less than 49,150 guilders (\$24,575) per year. The insurance premiums are roughly equivalent to 10 percent of wages, with both employees and employers contributing to the costs. People who earn more than 49,150 guilders are free to take out policies from private insurance com-

If the Dekker Commission report is implemented, the division of employees into com-pulsory and privately insured groups would end, but people who once enjoyed full coverage under the old scheme would now be covered for only 85 percent of risks if they do not take out additional private insurance.

The government has yet to take a firm stand on the commission's findings, but it is not expected to endorse them in their entirety. Parliament is to debate the report this fall.

Lower income groups would see the quality of their health care decline if they could not afford the extra private insurance. People with higher earnings, by contrast, would have little difficulty in taking out additional insurance.

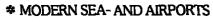
People living on state benefits will hardly be prepared to insure themselves against the 15 percent portion that is not included in the basic health package," the head of Utrecht's health service wrote in a recent newspaper article. "If they can't pay, the social welfare office will have to foot the bill provided, that is, it is able to do so. If it can't, then we'll have the same state of affairs as in the U.S., where large groups of people have no access to certain types of care."



RON VAN DE KROL, a journalist based in Check or checkmate: Living longer means higher health costs.

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Economic Front: Austere Years Bring Some Signs of Relief

Continued from page 7

government's economic management is also moderately upbeat. Economic analysts at the Paris-based Organization for Economic Cooperation and Development (OECD) believe that the past five years have seen some significant accomplishments.

"In many respects," said the OECD's experts recently, "the new strategy adopted by the au-thorities in 1982 has had a considerable measure of success: Growth of output, investment and employment have all increased, the jobless rate has declined, the central government deficit has been substantially cut back and the inflation rate is one of the lowest in the OECD area. Furthermore, with domestic demand beginning to take over from exports, growth in 1986 was more soundly based." "However," the OECD's analy-

sis added, "these favorable developments cannot mask the large nbalances that remain. At about 13 percent of the labor force in 1986, the unemployment rate is still one of the highest in Europe. The central government deficit is in excess of 6 percent of national income, resulting in an increase in public debt which has now reached a level equivalent to 70 percent of GNP."

Mr. Ruding's reading of the economic situation has nevertheless been upbeat enough to permit him to relax some of the stringency that has been such a hallmark of the Lubbers government since 1982. In mid-September, at the Prinjesdag ceremonies in The Hague that mark the opening of the parliamentary year, Mr. Ruding unveiled a 1988 budget that was mild by the standards of previous years and had as its centerpiece 1.35 billion guilders (\$670 million) in tax relief.

the personal income tax rate in the Netherlands is to be reduced. Mr. Ruding has argued consistently that any leeway in the government's finances should be used to trim back the huge budget deficit. but political imperatives and the urging of his cabinet colleagues clearly won the day. The result of the tax cuts is that household disposable incomes in the Netherlands are due to rise appreciably

next year - by an average 452

guilders per taxpayer — at the same time companies' labor costs will be reduced. The new budget is, however, hardly a giveaway package. The spending cuts that have sliced deep into the country's public sector and its sprawling government departments are to continue next year, Civil servants' salaries are to be reduced, the payment of certain investment subsidies is being tem-

porarily frozen, welfare benefits

of government departments also are to be cut. In all, the government spending cuts next year will total 7 billion

guilders, so once extra expenditures for 1988 are taken into account, the net saving works out at some 4 billion guilders. That will reduce the central government budget deficit by 0.4 percent so that it will stand at 7.2 percent of the national income (the Netherlands' version of GDP, which allows for depreciation).

In short, Mr. Ruding's decision to relax economic austerity means that the government will marginally overshoot its own target of reducing its 1988 budget deficit to 7 percent of national income. Total spending will be 168 billion guilders and revenues will be 144.4 billion guilders, and the public sector borrowing requirement, at 0.4 percent, will be slightly higher than this year's 0.3 percent.

The government's mediumterm strategy, encompassing the budgets between 1987-1990, has four basic targets: to further reduce the budget deficit to 5 per-cent of national income; to avoid increases in income tax and social insurance contributions; to further cut the number of unemployed from 700,000 today to 500,000 by 1990, and to stabilize both the cost of social benefits and

the incomes that can be derived

Yet the outlook for the Netherlands' extremely vulnerable export-minded open economy is not too rosy. Although the Lubbers government has performed creditably in such areas as job creation, where it has made some encouraging inroads into the 1985 unemployment total of 840,000 people, and in the stimulation of a more dynamic climate of enterprise, the

forecasters paint a somber picture. The OECD's forecast points to

slower output growth and weaker export performance, with a conse-quent deterioration of the balance between revenue and public spending. The Central Plan Bureau, a semi-independent agency. sees the Dutch economy expresse as GDP dropping by a half a point to 1 percent next year, which would push it substantially down against the expected European Community average of 2 percent.

Growth has understandably been the chief victim of the Ruding austerity drive. Since 1982, it has averaged only 1.9 percent a year, against an EC average of 2.2 percent, and now even official government forecasts see still greater stagnation during 1988. For Mr. Ruding, the reform and streamlining of the economy represents a long uphill road.

GILES MERRITT is a journalist



Engineers in the automobile industry are developing sensational ideas for replacing mechanical constructions with modern electronics. But some ideas are too advanced for practical application. For example the petrol cable.

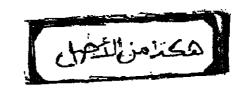
The idea is to install a tiny transmitter under the accelerator, which would send impulses to a precisionreceiver near the carburettor or the fuel injector. This receiver would control the fuel flow which the driver regulates via the accelerator pedal. But fine electronic components like these are extremely vulnerable.

A case was needed to protect the: components from salt, moisture, oil and chemicals. One strong enough to hold up under extreme conditions. Including fluctuations from the lowest to the highest temperatures. And the impact of severe shocks.

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Stubborn Jobless Rate Defies Easy Cure By George Gudauskas

HE HAGUE - The taxi driver, easing his cab away from the curb, said he was unsure whether he could get through rown because a labor strike had dis-

nupted morning traffic.

Some civil servants were angry, he seed because the government had ised high-level workers a small raise but had offered nothing to se below.

When you have that, you have trou-He no?" he remarked.

Strikes, once almost unheard of, are a nest though small part of the overall labor picture in the Netherlands, where the government has adopted an austerity program to fight a budget deficit and shrinking revenues.

Persistently high unemployment is the main labor worry, with as much as The main labor worry, with as much as A percent of the work force, or 681,400 beople, idle, most for long periods of time. Although this is less than its 1984 peak, when 822,000 workers, or 17.4 percent of the work force, were idle, the dolless rate still is among the highest in Europe. And it may go back up again. some say, with an expected economic

The Organization for Economic Cooperation and Development said re-cently that the Dutch labor market of about five million "is in a considerable

health costs.

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A rapid inflow of young people and women, often seeking part-time work, is occurring at the same time as older workers are leaving the labor force more rapidly, through retirement plans and phaseout programs.

Job needs and wants are often difficult to match in certain markets, the report said, increasing unemployment The study also said that a large and growing share" of the unemployed are poorly educated, lack appropriate skills

and come from declining industries or from construction. Many are staying jobless longer. Most worked previously in low-paying jobs and, if they find work, are likely to

be paid low wages.
"In contrast," the report said, "in-creases in employment are concentrated in higher skill jobs, a trend likely to

Jean-Claude Paye, secretary-general of the OECD, recently told the European Parliament:

We are living in a time of far-reaching change, the crux of which is probably to be found at the intersection of three areas: international trade, scientific and technical progress and changes

in human society.

"If our countries find it so difficult to find effective lasting and socially acceptable solutions to the unemployment problem, which is undoubtedly the most dangerous threat, it is largely because we do not fully understand

priority for the government, although critics claim that it is second to climinating the budget deficit. They also say that job creation is failing to meet de-

In his budget message to parliament in September, Finance Minister H. Onno Ruding predicted increased employment next year.

Mr. Ruding said that 25,000 more people would be put to work, boosting the number hired in recent years to 385,000, an average annual increase of 1.5 percent, against a 0.5 percent average in the European Community.

Nonetheless, the level of registered unemployment in the Netherlands remains high, owing to the sharp increase in the number of people joining the labor market, compared with other countries," he said.

He urged wage restraint and further cuts in public spending as part of an economic growth plan that is designed to help increase jobs and trim the deficit to 7.2 percent of national income.

He said the government had set aside extra money to improve employment in 1988 to bring the total to more than 1 billion guilders (\$500 million).

The aim is to reduce unemployment to under 500,000 by 1990, a goal some feel is unattainable because of declining

As an OECD report released in August said: "Further progress in reduc-ing the large budget deficit and bring-ing unemployment down to more ceptable levels may prove more difficult than envisaged by the authorities in the 1987-1990 budgetary program."
Asked if the goal could be met, Frans

H.A.M. Kruse, director-general for employment in the Ministry of Social Affairs and Employment said, "I don't

He said that more people can be trained for jobs but that he didn't think labor opportunities would grow enough to compete with the growth of demand.
"That's our main problem," he added.
As a result, Mr. Kruse said, the gov-

ernment is directing its main efforts at "stirring" or "recycling," employment.
"We accept the effects of substitution in the market. We give one a chance at the cost of another one. That's our main policy at the moment,"

He also questioned whether the Netherlands, with a population of 14.6 million, will ever need a labor force of five million again. And he disagreed with the govern-

ment's "free market" priorities. He argued that public works projects, while not effective economically, are socially acceptable and could help crase a problem with high social consequences. "I think there are more opportunities

toward full employment by investing in the national market, especially public activities," he said. Mr. Kruse predicted that, if the administration of Prime Minister Rund

reducing unemployment to under 500,000 in the next two years, his policies will change.

In an analysis of economic trends, officials of the U.S. Embassy said in June that the Dutch government's employment programs have not succeeded in significantly creating new jobs.

"Indeed, the government's key youth employment scheme depends on finding municipal jobs at a time when austerity is reducing civil service ranks," the analysis said.

"It appears that slower growth may cut the rise in employment this year in half," it said. "If so, the labor market would barely be able to absorb new entrants and unemployment could grow next year as economic expansion slows still further."

RITICS of Dutch policies argue that high marginal tax rates, a minimum wage that is almost double that of the United States, and a liberal incomesupport system create disincentives.

In its study, the OECD said a decline in the minimum wage might encourage demand for labor, since many of the unskilled jobless likely to be hired would be given jobs at a wage near the

However, the report questioned what the response might be to a reduced minimum in the face of a generous income-support system," one of the most elaborate in Europe. The study said further reducing joblessness might require more changes in the system than now envisioned.

"But this obviously depends on na-tional preferences and the value attached to noneconomic criteria, such as maintaining social cohesion and

the largest business and industry group, said his members realize that "in no way can you have flourishing business in the long run if you will continue to be faced with unemployment of that mag-

"Socially, it's unacceptable," he said, but noting "It's very tough, very, very tough to not only find the measures, but to get agreement on the basic legislation that has to be made in order to get these people to work."

"You can train them," he said, "but you have to have jobs at the same

His organization's lobbying effort is geared to reducing the minimum wage, long a sacred cow in the country, to belp diminish unemployment

Another issue is the reduction of the work week, from the current 38 hours to 32 by 1990. The large unions favor this move, but employers claim it would be too costly if wages are not reduced as well. The government has officially supported a shorter week.

Mr. Van Lede said the federation believes "that the real issue in this country is redistribution of work, which does not equal shortening of the work Part-time labor has been the most

effective way of doing this, he said. Mr. Van Lede termed labor's shorter-week goal "totally unrealistic," and said it was not supported by rankand-file union members.

"You can say it was the resistance of the employers, fair enough. I'm happy to hear that, on the one hand," he said. On the other hand, if they really wanted that more than pay, or income, whatever, they would have pushed it

Henk Leemreize, economic adviser

Coming to Terms With the Tough Jobs Issues



Social Costs

"Half of our labor reserves consists of persons who are unemployed for more than one year, and about 30 percent has been unemployed for more than two years. You see an enormous labor reserve that cannot be brought into the labor market again. I think that's our main problem, and it's of course a social problem . . . and it has high risks. . . "

Frans H.A.M. Kruse, government official

Flexibility

"We are of course against forms of flexibility which in practice mean that some workers have all the rights of the world and some workers have no rights at all. At this moment there is a hardcore of workers who have all kinds of protection, and there is a fringe of secondhand and third-hand workers who have no protection at all. . . . and that is a very wrong development." Henk Leenreize, union adviser

Retraining "We are converting, very successfully, unemployed university graduates into employed people. We convert 300 or 400 per year. It's damn successful. . . . But, in terms of quantities, I mean a couple of hundred converted university graduates into employable positions is not solving the unemployment problem of the country."

C.J.A. von Lede, industry spokesman

to the 900,000 member trade union federation, FNV, said, "It's still a big issue, but the employers are not really willing to negotiate further reduction in the work week," claiming it would be too

costly and too complex. For public sector workers, who have

had repeated wage freezes, the issue is Unionized civil servants are "furi-

ous" over the recent plan to grant a small increase to high-level workers and none to their underlings, Mr. Leemreize said. More strikes are possible among his 250,000 organized workers, who want across-the-board pay in-

CEORGE GUDAUSKAS is a free-

Reading the Dutch Character in Stormy Skies

Continued from page 7

that the girls in the windows of the Amsterdam red light district (with its canals and 17th-century houses) are the modern warnings against sex, drugs and AIDS. (The annual nightly procession of pious Catholics, the Silent Walk, leads straight through this beautifully dirty district). But having said this, I still cannot escape from the thought that in a moralistic sense, the Dutch want to show that they accept the reality of life. They have nothing to hide. They are tolerant and responsible.

A Belgian poet told me once: "You Dutch are supposed to be a tolerant nation. I had my doubts. But it is true. You have kept that long tradition of tolerance. But before being tolerated,

one has to go through a harsh intolerant phase." He said that when he came to the Netherlands, he always felt he was cross-examined on moral issues like euthanasia, incest, cruise missiles, treatment of drug addicts, etc. The questions had to be answered properly. Only then were he and his opinions respected. The poet thought that this aggressive and rather offensive behavior was due to the ridiculously high density of the population. It was impossible to ignore each other. Social control was strict. Like a big family in an overcrowded house, the Dutch knew that the only way to survive was to live

In many aspects, the Netherlands is an overorganized country. Even to ride a horse, one needs a license, issued after a severe examination. But in this country of laws and rules, children are amazingly free and undisciplined. Already, in the last century, foreigners com-plained about the Dutch vandals. Friendly Amsterdam has always been anti-authoritarian and somewhat anarchistic. Adults never lose their childbood tricks.

After 20 years abroad, it was, on my homecoming, difficult to appreciate the reality of the unruliness of Amsterdam, where even in decent circles stealing a bike is not always considered a crime anymore. I was asked to concentrate on the real issues, the crimes that make Amsterdam really unsafe. The crime rate is lower than in most other capital cities. It is discussed in the media with an astonishing openness and frankness. not so much in terms of law and order but as a moral problem. In central Am-

sterdam, the rich and the poor, junkies and the yuppies, the squatters and the burghers live next to each other. One often gets the impression that the dangerous and violent addict should be seen as the prodigal son. The Dutch have come to see that

their humanitarian approach in solving

the drug problem and fighting crime may have been too idealistic. The times have changed. Even Dutch people have protested against the opening of centers for Tamil refugees near small villages. The villagers accepted their normal duty to accept a few dozen refugees but they could not cope with hundreds of Asians the government had intended to send to a nearby empty monastery. Not

Ten years ago, the Netherlands loved

to see itself as the Conscience of the West. The Dutch were the darlings of the Third World. They favored an oil boycott against South Africa (an idea initiated not by socialists but by members of the ruling Christian Party), and two years ago even the prime minister had soul-searching doubts about the cruise missiles.

The Netherlands is toeing the line again. It is a painful process. We are living in boring times, the editor of the largest quality newspaper remarked, as if our country has fallen back to dull mediocrity where excellence and creativity are suspicious.

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Amsterdam Confronts London With Technology and Tradition

By Ronald van de Krol

MSTERDAM — By this time next year, the Amsterdam Stock Ex-A change will have reorga-nized and redesigned its trading floor to accommodate the arrival of video screens and other computer equipment that is intended to keep Amsterdam in step with the technological revolution on world financial markets.

To put it simply, the jobber's order book is going to be fed into a video screen" is how Johan Kooy. director of data processing at the bourse, recently described the

But unlike London, which in last year's "Big Bang" virtually abolished the trading floor in favor of trading via computer termi-

there for good.

ting agents:

well short of allowing market par-ticipants to trade directly through the exchange's new computer hardware and software: the trading floor will continue to exist, at ast for the time being.

This two-pronged approach — introducing far-reaching automation while retaining the bourse floor -- sums up Amsterdam's response to the challenges of Big Bang and the threat that trading in Dutch shares and bonds will grad-ually seep even further to the Lon-

In an interview, Baron van Ittersum, chairman of the Amsterdam exchange, said that the automation project - which is to be modeled on Chicago's Midwest Stock Exchange and carried out with its help - is aimed at making share and bond trading in Amsterdam as cost-effective as possible so that nals. Amsterdam plans to stop investors will prefer to do their

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mean that the plans they have for new

trading in guilder paper here rath-er than in London.

The first phase of the multiyear project will concentrate on the tomation of routing orders and trading information, to be fol-lowed later by clearing and set-tling systems and price information. The total cost of the stock exchange's transformation is estimated at up to 30 million guilders

Automation is only one of Amsterdam's responses to the Big. Bang challenge. Last year, it introduced the Amsterdam Interprofessional Market System (AIM) which, similar to developments in London, does away with fixed commissions and allows institutional investors to trade on a net basis with banks and brokers in deals involving at least one million guilders in shares or 2.5 million guilders in bonds. The deals

officially take place outside the regular market but are seen as a market climate. "I believe that seeway of persuading institutional investors to continue to do business in Amsterdam. In addition, the Amsterdam fi-

nancial community successfully persuaded the Dutch Finance Ministry to cap the 0.12 percent stamp tax on Dutch share and bond transactions at 1,200 guilders, effectively abolishing the tax on deals worth more than one million guilders and thereby stimulating block trading.
"The creation of AIM has halt-

ed and also slightly reduced the seepage of business to London," Baron van Ittersum said. "The stamp tax cap also helped put us on a more equal basis with Lon-don." He added that the exchange would still like to see the tax scrapped altogether. Bankers estimate that London now accounts for about 20 percent of turnover in Dutch shares and bonds, down from 30 percent only two years

Baron van Ittersum described Amsterdam's competitive strategy this way: "Keep the guilder mar-ket in the Netherlands by doing away with the bourse tax and by other measures, but at the same time set up an infrastructure to attract trading in U.S. and Japa-nese stocks to Amsterdam when their own markets are closed."

He said the main difference between Amsterdam and London was that London had abandoned a "central" or "auction" system of trading, in which supply and demand of the entire market are brought together at a central point, in favor of a "dealers" system, in which trading is a bilateral transaction between two parties.

"In Amsterdam we do things differently," he said. "We are maintaining the central market, but alongside that we have also created AIM, which is essentially a dealers' system along the lines of London. Our strategy is to allow both markets to function side-byside and give the parties the choice between one system or the other." The question of whether the tra-ditional trading floor will always remain a feature of Amsterdam is

ultimately up to stock exchange members. Baron van Ittersum said. Opinion in the Dutch investment community varies widely on how necessary the floor is in modern share trading, and whether the Amsterdam floor will continue to exist in the long term.

Jan Vroegop, a director of Amsterdam-Rotterdam Bank (Amro Bank) and head of its guilder trea-sury department, said that looking

ing each other on the bourse floor, feeling the atmosphere and the levels of activity and inactivity there, and observing your compet-itors, your colleagues and the jobbers all contribute to your knowledge of the market," he said.

Mr. Vroegop said this was illus-

trated by the chaotic conditions in London in early August, when base rates rose unexpectedly and the stock market dropped sharply. Many dealers simply abandoned their screens and stopped trading because they no longer had any sense of the market, he said. In Amsterdam, by contrast, face-toface trading on the bourse floor provides a form of "social control" that ensures that market participants will continue to trade.

But Tom van Dort, managing director of Morgan Bank Nederland NV, said he saw no reason why share trading in the Nether-lands could not be done by tele-phone and by screen as in either London or the NASDAQ overthe-counter market in New York.

"For professional market par-ticipants, a trading floor is not at all necessary, though it may be necessary as a way of protecting the small investor," he said. "Even now, when a Dutch pension fund does business directly with people in London, no exchange floor is

THE PRIVATE placement market in the Nether-lands is another example of a large market that exists without a formal trading floor, worldwide, the best example of a huge market that functions well without a trading floor is the foreign exchange market, he

"And if there were ever a market that depends on sentiment and mood, it's foreign exchange. But you can chat just as easily about market sentiment on the telephone as you can on a trading floor," he

While discussion continues about the eventual future of the bourse floor in Amsterdam, banks and other financial institutions are looking critically at the Amsterdam system of "single capacity" trading that requires that all orders for shares and bonds (except those in the AIM system) be executed via the Amsterdam hoekman, whose function is similar to the former jobber's role in London or the specialist's role in the Unit-

Dutch banks are frequently at prices on a video screen did not frustrated by this form of trading, for Amsterdam, allowing market



Traders on the floor of the Amsterdam Stock Exchange.

have the financial strength to quote prices on large deals and, therefore, sometimes stands in the av of transactions being done.

In the past few years, various hoekman firms have merged or have strengthened their capital base to meet the challenge of do-ing business in the 1980s. Baron van Ittersum said he expected this trend towards larger and stronger hoekman firms to continue.

But Mr. van Dort of the Morgan Bank said the Amsterdam market was likely to remain fundamentalimbalanced between the relavely small hoekman firms and the market's major class of players Dutch pension funds whose portfolios of stocks, bonds and property run into the billions of

Under the present system, only the hockman firms are allowed to be market makers, but often they simply can't because they don't have the capital strength," he said.

Mr. van Dort said that Amster-dam should be glad that several London houses were prepared to make a market in Dutch paper because this injected needed liquidity into the guilder market. He said an "open broker dealer system" would be a better model

saying the hockman often does not participants to trade among themelves, either directly or through a Another frequent complaint

about the present system is the lack, in practice, of a strict system of clearing and settling transac-tions. Amro Bank's Mr. Vroegop said the hoekman firms were always the last in the chain to pay when a deal is struck, meaning that other market participants, such as the banks, end up effec-tively financing the hockman.

A "crystal-clear" clearing and settlement was necessary not only to keep Amsterdam abreast with foreign markets but also to meet the requirements of modern cash management used by the banks' customers, he said.

Despite some imperfections in the Amsterdam system, Mr. Vroe-gop said he was satisfied so far with Amsterdam's ability to compete with other financial centers, including London. Initial expectations that post-Big Bang London would lure a significant amount of trading in Dutch, German and other foreign shares or bonds away from their home markets have proved to be exaggerated.

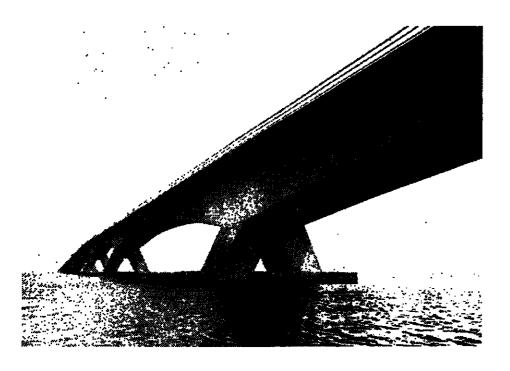
The 12 months since Big Bang have shown that it is exceedingly difficult and risky for financial houses in one center to trade shares that have traditionally belonged in another.

"Cultural differences exist from one market to another in how shares are traded or valued. You cannot simply take the price/earnings ratio of a Dutch stock, compare it with that of an Italian, German or Japanese share, and decide which one is undervalued. You need home market know-

Mr. Vroegop and other Dutch bankers cantioned against expect-ing too much from the stock exchange's plans to stimulate trad-ing in U.S. and Japanese shares in Amsterdam using the new, simplified depository certificates called Amsterdam Security Account System (ASAS).

The bourse, drawing on its reputation as an international exchange that lists more foreign shares than Dutch ones, hopes to boost such trade with the help of Japanese and U.S. members of the Amsterdam stock exchange. Eventually, the exchange hopes Am-sterdam will be used by American investors as a sort of pre-New York or post-Tokyo market when those centers are closed.

But the best way of developing such a market in Amsterdam would be to persuade other European bourses to join in to help trading U.S. and Japanese stock in the continental European time zone, Mr. Vroegop said.



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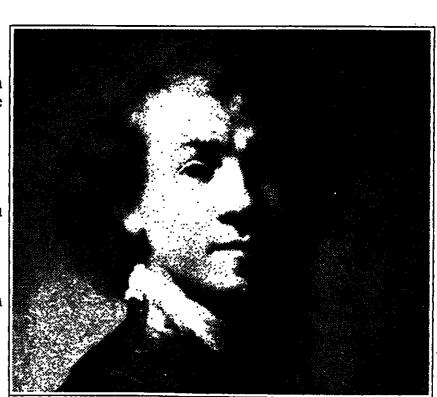
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As Gas Slumps, So Goes Land

By George Gudanskas

THE HAGUE — With the fall in gas revenues in the Netherlands comes another sinking feeling for the Dutch — the land over the huge gas field in Groningen is subsiding.

Like a large balloon losing its air, the gas field in the northeastern part of the country, which has given up half of its known reserves since its discovery in 1959, is losing pressure, ever so slowly, so that over the next half century the earth above it will droop slightly.

The phenomenon, called subsidence, poses a costly problem of adjustments in this low-lying

"Our problem is that we're a very flat country and a low country, so that what's happening is we expect a disturbance in the water household [table] on the top. So then you have to adjust things," said Chris Staudt, director of the Netherlands Geological Survey.

For instance, in the port town of Delfziil, with its modern yacht harbor and windmill in the village center, expensive engineering projects will have to be undertaken to cause "lift-ing" as the land subsides and water levels rise. Hundreds of bridges and canals that criss-cross an estimated 900 square kilometer (342 square mile) area will have to be altered as the Earth turns into a broad soup bowl whose center is expected to dip from 50 to 75 centime-

ters (20 to 30 inches). A 650 million guilder (\$325 million) fund has been set up to cover the projects, officials said, and a commission has been established to granter and the commission has en established to examine claims and to

study ways to prevent damage.

The authorities say that the population is not expected to be endangered because the change in the landscape will be so gradual it

will go almost unnoticed.

This is perhaps, in terms of public opinion,

director of Petroland, one of the many companies in the Netherlands searching for and ex-

ploiting gas and oil reserves.
"But, in reality," he said, "I can tell you definitely, scientifically as well as technically,

this is not a big problem."

Pipes buried in the ground will not suddenly surface like bones in a forgotten cemetery. Nor will vehicles vanish into the ground with a whoosh. And no houses will crack and crumble, the experts say, although there are those who argue to the contrary.

"It's very slow, it's very gradual, and it's a flat movement," said Frank Duut, spokesman for the Netherlands Oil movement, the joint Shell-Exxon venture operating the field, which is the largest in the Netherlands. Unlike a cavein, he said, "it's a total movement in the Earth's layers so the whole area sinks."

"There are, of course, people who think otherwise, people who always disagree," said Wiel G.J. Huijnen, a government energy specialist. He and others suggested that those disagreeing might be trying to take advantage of money made available to cover damage aused by subsidence.

The changes will be far less dramatic than those that began two years ago in the Ekofisk field in the North Sea off Norway, government officials said. There, huge oil and gas rigs and their crews were endangered when the seabed suddenly began sinking by meters, instead of centimeters, causing great concern and costly

"We have to be very, very careful," Mr. Huijnen said, "that it is not compared to what happened in Norway. It's completely different.

It just cannot be compared." The main difference is that Groningen gas, thousands of meters deep, is contained in sand-stone that is capped by a thick layer of of rock salt. Ekofisk's field was covered by soft chalk, according to Mr. Standt, the geological survey

director. "We are lucky it's sandstone, so that the total compression of the sandstone in itself will only be very small," he said, adding that the salt layer also absorbs small movements in the

But, of course, there will be some subsidence," he added, "It's a consequence of taking

something out."

If the Grouingen phenomenon is left unattended, however, a shallow lake 40 kilometers wide will form where the subsidence centers, as rain water collects and ground water levels rise

to the Earth's surface. Significant amounts of new pumping will be needed, authorities said, to handle the water problems in this sparsely populated province of farms and villages already at or below sea

In addition, new canals will have to be dug and more sluices, flood gates and dams con-

structed, they said. Mr. Dunt, the spokesman for the Nederlandse Aardolie Maatschappij (NAM), the Shell-Exxon operation, explained: "Yes, if nothing were done you would completely destroy the water household [table], lakes and canals and so on. And the protection along the coastline wouldn't be on the right level anywers. So when you do have this his ways every more. So when we do have this big wave every hundred years, then the northern part of the country could be flooded — the harbor area,

The task shead is "to see and prevent that," he said. "And that's no problem. The money is there, the knowledge is there, and the works will be carried out in the next 10 years."

A fund totaling 650 million guilders has been created to cover the costs, such as studies and work projects that will have to be undertaken. Officials said that the fund was calculated according to possible needs and is open-ended. "More important is that there is an agree-

and minimal labor conflicts, com-

panies outside of the energy sector have also shown a willingness to

ment between the NAM and local authorities — with the province of Groningen — when measures must be taken, NAM will pay for them," said Peter A. Scholten, director for general energy policy and mines in the Minis-try of Economic Affairs.

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In addition to the fund, a six-member inde-pendent commission was established in 1984 to work with Shell-Exxon and Groningen officials to review claims for damage and to rec-

commend measures to prevent future damage. In its report for 1986, the commission three of whose members are nominated by NAM and three by the province - said that so far it has paid out more than 9.5 million

publishing house, spent 500 mil-

shares of a smaller publisher, Kluwer NV; the Weolters Sam-

ders on nearly half the

guilders in claims, plus 11.6 million guilders for

studies and the like. The largest payment last year, 3 million guilders, was to deepen strices in the village of Gaarkeuken in anticipation of settling terrain

He dismissed reports by some people who said that cracks in their homes were due to the sinking caused by the withdrawal of gas in the

Jan Abrahamse, chief editor of a 35,000 circulation magazine, Wabbenbulletin, an environmental and geographical publication dis-tributed in the Netherlands, West Germany and Denmark, agreed that some of these re-

Douwe Egherts, tobacco and coffee merchants (94.5 percent division for 1.25 billion guilders. million Sara Lee Corp.), took a major step The fast-food chain McDonald's years.

in diversifying its business when it purchased Akzo and Royal

som Group spent around 500 million guilders on the other half.

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The Groningen-based editor said that he had personally examined certain claims and

The main worry for the province brought on by subsidence involves water, he said, with pumping and other measures needed where none was needed before because runoffs and rivers flowed naturally to the sea.

That will be a big problem," he said. Farmers usually are the first to know when the water or the land is changing, said Pieter Bakker, chief of external communications for Netherlands Gasunie, the sole distributor of gas from the Groningen field. And he added,

of restaurants it has in the Nether-

lands, with an investment of 100

million guilders over the next few

Investment Surges on Cheaper Oil, Higher Corporate Profitability

By Sonja Mooradian MSTERDAM — Cheap oil, deflation, a stable government, a healthy rate profitability and a quiet labor market have together provided the impetus for a major surge of investment in the Netherlands over

the last 18 months. Last year saw a record increase in investment - up 11.5 percent from 1985. This year, the government projected an increase of only 5 percent, but companies are continuing to take advantage of cheaper steel and oil prices to modernize or build new facilities.

And although profit margins have come under pressure because of the guilder's strength within the European Monetary System, turnover has been higher, resulting in growth. With higher corporate profitability, companies are retaining their earnings and invest-

ing them in expansion. In previous years, inward direct investment had been heavily de-pressed by repatriation of balnaces by foreign parent compa-nies, according to De Nederlandsche Bank. But the level of investment was so high that 1986 actually saw net lending from foreign parent compa

According to the U.S. Commerce Department, direct U.S. investment in developed countries increased by 13 percent in 1986. "Among these countries," it said, the largest increase — \$4.6 bil-

Netherlands correspondent for

year because of weak oil prices, there has been a spurt of investment in this sector. Most of the money is now going into major restructuring programs.

Last year saw a record increase in investment

For instance, the Dutch subsidiary of Texaco is spending 50 million guilders (\$25 million) to revamp and expand its refinery at Pernis. Texaco currently holds second position in the Dutch automobile gas market behind Shell.

The chemicals sector has also the Environment Ministry's tough restrictions on the industry. Investments totaled 3 billion guilders last year and are expected to reach 3.7 billion guilders this year. Royal Dutch/Shell, for examp has stepped up a 500 million guilder investment program that lay dormant for a year.

The chemicals sector has for many years been vital to the Dutch the largest increase — \$4.6 hil-on — was in the Netherlands. After major investments in the Dutch industry in 1986) in the last two years. But De Nederlandsche SONIA MOORADIAN is the ronment Ministry's policies may make some new investors in this sector shy away from the Nether-

The lion's share of investment in research and development comes from the chemicals sector.

More fundamental perhaps renewed confidence in the off-shore sector, almost \$2 million is slated for new drilling and production platforms next year by Pennzoil and Petroland. These are the first investments in the offshore industry since the oil price fell last year. At that time, the Nederlandse Aardolie Maatschappij (50 percent Exxon, 50 percent Royal Dutch/Shell) decided to shelve a 2 billion guilder investment in the F3' oil and gas project. This year, NAM invested 1 billion guilders and will increase its investments to 2 billion for 1988.

However, despite lower drilling tariffs and depressed steel prices, the company will not resume the F3 project until it is confident that the current oil price of around \$18 a barrel is a stable one.

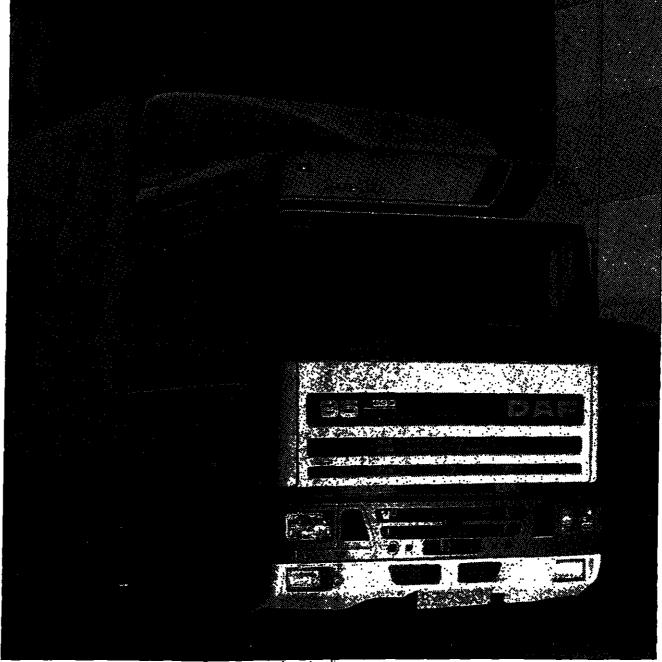
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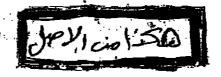
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By George Gudauskas

THE HAGUE - Royal residence and seat of government are the words most often used to describe this unsung city founded more than 700 years ago on the dunes of the North Sea.

While called charming and historic by some who know it, the less charitable term The Hague dull, gray, bureaucratic, a sleepy com-munity compared to the bustling Gateway-to-Europe capital of Amsterdam.

"That's long over," said Ad J.E. Havermans, the enthusiastic and energetic burgomaster and general promoter of The Hague, one of the four largest Dutch cities. "That has changed, very much changed in the last few years. We have seen a new spirit in the city."

The burgomaster and others say a combina-

tion of things have happened to infuse new life and vitality into the community, enhancing its

These include the fact that Queen Beatrix has chosen to make The Hague her official home and working place. She made the decision in 1982 and has since sparked interest in revising The Hague's gray-suit image. Burgo-master Havermans was appointed by the crown in 1985.

In addition, the city has seen the renovation of a major arts museum, has opened a complex to house the Hague Philharmonic and the Netherlands Dance Theater and has completed much-needed updating of the nearby sea-

Concentrated in Amsterdam for the past decade, the Holland Festival, one of Europe's oldest cultural festivals, is coordinating with The Hague to have part of its activities, dance, performed in the city. Major modern art exhibitions have also been attracted to The Hague. "Now, we don't have to go to Amsterdam

anymore," is a common refrain among The Hague's more than half a million inhabitants, including young people who find trendy discos appearing on the nightlife scene.

Tourists leaving the beaten path also are discovering this city of wide avenues and old mansions, aided by a well-organized and coordinated promotion effort of city officials and the Netherlands Board of Tourism.

Mr. Havermans, who previously ran a smaller town in the eastern Netherlands, is emphasizing not only the "international character" of The Hague - with its more than 60 embassies, foreign schools, world courts and other such organizations — but its accessibility from other parts of the globe and its services for multi-

"The Hague is in all respects the right city for companies and organizations to settle in Europe. he said in the opening statement of a booklet about the city.

"Total product" is a phrase used by both Mr. Havermans and by Hans Cornelissen. managing director of the tourism board, when they discuss efforts to promote the historical and cultural attributes of the Netherlands and



The Nederlands Dans Theater is now housed in The Hague's new 44-million guilder auditorium.

its major cities of Amsterdam, Rotterdam, The Hague and Utrecht.

Mr. Cornelissen, at ease in the jargon of a sales-marketing man, made it clear in an interview that "Amsterdam was really, and still is, our 'A' product in a total assortment of products we can offer."

But, on the question of The Hague's chang-ing image, he credits Mr. Havermans with

finding ways to improve it. "To govern a city is more than just sitting behind your desk," Mr. Cornelissen said. "He has a philosophy and. I think this is a new point, that for a city you have to do city marketing - and not only for tourists, or government, or industry, no, it's a whole com-

The burgomaster, Mr. Cornelissen said, also sought to get service-industry businesses like banks and insurance companies to locate their headquarters in town. But he did not overlook "people needs," like refurbishing the 17th-century "New" Church or getting the national ballet to make The Hague its home.

Regrouping of the city's sprawling govern-ment offices was also taken up, the tourist board director said. For instance, the Foreign Ministry's 22 offices were finally housed in one new building next to the main railroad station.

On the topic of competition with Amster-

dam, Mr. Cornelissen agreed with Amsterdam Mayor Ed van Thijn that none exists.

The Amsterdam mayor, through his spokesman. Gilbert van Stijgeren, said, "You know, there is no such thing as competition between Amsterdam and The Hague. On the contrary, the grips the graphs in The

we enjoy the cultural developments in The Hague, such as the theater and other things." The Hagne offers "something different," he explained. For example, Amsterdam produces

ballet of a certain character," or classical, while The Hague produces very modern dance. The Dutch opera was in The Hague for 20 years, he noted, after being established in Amsterdam. But "the opera has left" because of space problems, "and has gone back to Am-However, the theater opened in September

by the queen was built so that it, too, could have operatic performances. So, next year, the opera will give 30 performances in The Hague. Mr. Comelissen said, "There is a different image growing and the results are there."

Describing that image, he said, "If I have to sell The Hague, I say it's a pleasant, quiet city with a lot of history, with a lot of culture—in an easy-going way, not hectic — with all the facilities around, with an international atmo-

sphere, but in a quiet way." Mr. Havermans believes all big cities are basically alike in that they are centers of initiative, ideas and creativity.

"I think many hadn't realized until now that The Hague also had these possibilities, as well as Amsterdam and Rotterdam."

There is another feature in The Hague that is different from Amsterdam, as Frans Kruse, the nation's director-general for employment, has consistently found.

"You can park your car here," he said.

Artists Must Struggle As State Ends Subsidy

By Ronald van de Krol

MSTERDAM - Dutch artists, once used to drawing a state-backed salary, are locked in an unfamiliar struggle for survival now that the government has halted a policy of paying them a virtually guaranteed income in return for their

paintings, murals and sculptures.

The demise of the Visual Artists Assistance Program, called by its Dutch initials BKR, means that for the first time since World War II, thousands of Dutch artists can no longer count on the state as a customer of last resort. Instead, they are now forced to squeeze a living from the sale of their art on the private

art market alone. That may not seem like a startling proposition to artists in other coun-tries, but it marks an abrupt break with the

past in the Netherlands.
"The problems have been enormous," said
Ian Romers, an official at Kunstenbond, the artists' union. "Artists who had become used to a fairly secure income suddenly found that it no longer existed." Most have ended up living on state welfare and now find it difficult to pay the rent on their studios or to buy art supplies. The center-right government, which prides itself on its "no-nonsense" reputation, had long been critical of the BKR scheme, saying it was unwieldy and had failed to produce "qual-

Although quality may have been in short supply, there was no lack of quantity. The policy of buying art to provide artists with a living has produced "painting heaps" and "sculpture mountains" to rival the wine and

"sculpture mountains" to rival the wine and milk "lakes" of the European Community.

Together, national and local governments purchased around 300,000 works of art during the BKR's 38 years of existence. Some are now displayed in schools, public buildings and Dutch embassies overseas, but the vast majority are gathering dust in government ware-

The abolition of the BKR program is expected to cause a number of changes in the lower to middle end of the Dutch art scene. Oil paints are tipped to start giving way to cheaper acrylics, the size of art works is expected to become smaller, and artists will inevitably have to economize on the frames they use.

"Already, we are seeing more watercolors than we did before," according to Johan Pijnappel of Kunstuitleen, an Amsterdam "library" that has lent art to the public for a small fee for the past 30 years.

The number of artists wanting to join the art library project has grown since the BKR was abolished. At the same time, artists are also redoubling their efforts to exhibit and sell their works at private galleries.

Of course, these changes are not noticeable among the small minority of Dutch artists who make a decent living from their work and who never took part in the BKR program in the first place. But for the 2,000 former BKR recipients, the adjustment has been painful.

Theo, a 32-year-old painter from a town near Amsterdam, said he is determined to continue painting full-time despite the fact that his monthly welfare check is less than half of what he received in BKR subsidies.

of what he received in BKR subsidies.

"The biggest hassle is the cal-and-mouse game you have to play with the welfare office," he said, requesting that his last name not be used. "You have to prove you're looking for work if you don't want your welfare check to be docked. But of course they know as well as I do that there just aren't any naid jobs for do that there just aren't any paid jobs for

They are now forced to squeeze a living from private sales.

The BKR scheme was originally meant as a temporary measure after World War II to prevent artists from having to accept work unrelated to their art. At the beginning, it supported only 100 artists, but their numbers swelled in the 1960s and 1970s as the Dutch welfare state grew, peaking at 3,600 in 1983. Far from being a temporary measure, many artists received BKR subsidies for 10 years or

Arthur Frankhuizen, an official of the Ministry of Welfare, Health and Cultural Affairs who administered the BKR program until January, said the average artist in the scheme received 38,000 guilders (\$19,000) per year, which also included a stipend toward the cost of materials. In its last year, the BKR program cost the government 70 million guilders.

The subsidy system was based on an esti-mate of how much an artist needed to earn per week to support himself.

"Toward the end, this was fixed at just under 500 guilders for a married artist below the age of 34. So, if the city council bought a painting from him for 10,000 guilders, he had to wait 20 weeks before submitting a second work," Mr. Frankhuizen said. In practice, most artists sold three or four works to the government per year.

The government argues that its abolition of the subsidies should not be seen as a spending cut because the funds that were once earmarked for the BKR are now used for scholar-

ships for promising artists and for increased spending on the arts at the regional level.

"The BKR program emphasized the artist and the artist's social position," Mr. Frankhuizen said. "The new policy takes art and the quality of art as its departure point, and everything else is derived from that . . . Artists no longer have a right to a living."

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EUROBONDS

Stampede to Safe Houses **Gratifies Some Goliaths**

By CARL GEWIRTZ

ARIS - The international capital market is being fragmented by the stock market crisis, bankers report. As investors rush for protection to bonds - and then only the highest-quality government, state-guaranteed and supranational issues — they also appear to be directing their business to intermediaries that offer the same security: banks and securities firms certain to be in business after the dust settles.

"There's a lot of bad news still to come out, houses that have been hit by speculating that could take some time to surface, says one banker. With the rumor mill running at full speed, he adds, an increasing amount of the business being transacted is passing to the biggest finan-

Major firms feel

would allow for

pricing.

more reasonable

that less competition

cial institutions. If unchecked, bankers serce, the number of institutions active in the Eurobond market could shrink.

Such a retrenchment would reduce the amount of capital committed in the market and therefore its liquidity. But bankers at some of the major

institutions insist that this would not be a major setback. They complain that too many firms claiming to be market makers do little more than trade with other dealers, adding no real liquidity to the market and jumping on bandwagons when prices appear to be headed up or down.

The view at the major firms is that less competition would allow for more reasonable pricing and ultimately better profits for those remaining in the business — a result of both bigger spreads between bid-asked prices and increased volume. Regardless of whether there is a shakeout among the profes-

sionals, investors' focus on quality and liquidity is already fragmenting the market. The major market makers that previously quoted prices in hundreds of issues report they are cutting their lists to fit with investor demand. Bankers say they are unwilling to be market makers in small

issues, which are largely defined as anything below \$200 million, because there is not enough paper in circulation to assure availability. And among the large issues, only those of unquestionable consists are being able to be a second paper. tionable quality are being taken into inventory.

In the future, these bankers say, borrowers will have to tap the market less often but for bigger amounts.

LMOST ALL SECTORS of the Eurobond market rallied A last week, the result of massive injections of liquidity into money markets by central banks in an effort to calm the

equity markets and to halt the dollar's slide. This is a maneuver that can work only if it is aimed at gaining time: giving President Ronald Reagan and Congress the time to agree on a credible reduction in the U.S. budget deficit. But that compromise needs to be in place before the pump-priming begins to show up in an explosive growth in the domestic money supply

If the budget deficit is cut, such monetary ease in the United States would help offset the depth of the economic slowdown that will result from both the deficit reduction and the decline in consumer spending resulting from the collepse in stock prices. At the same time, if Washington restored international confi-

dence in the dollar and in U.S. assets, there could be a capital inflow from West Germany and Japan that would help reduce growth in the money supply in those countries. By contrast, if Washington drags its feet on the budget, the

-supply growth figures could become worrisome — a precursor of renewed inflation - a monetary policy in West Germany and Japan.

Activity in the Eurobond market last week indicated that investors assign a high probability to the latter scenario. There was a hige rush to buy floating-rate notes, which are the safest

haven when interest rates rise.

Euroclear, the larger of the two clearing houses for trading Eurobonds, reported that \$19.96 billion of dollar-denominated FRNs were traded last week, the largest volume since last year.

Bankers said that this demand was overwhelmingly for sovereign paper, especially the FRNs issued by Britain, Belgium, France and Italy.

There were some efforts last week to tap into this demand. The Bank of New South Wales, which carries the guarantee of the state of South Wales in Australia, sounded the market on whether it would accept \$250 million of 10-year extendable notes bearing a coupon of % point over the London interbank offered rate and

In the end, the issue never surfaced. Bankers explained that their quality-conscious clients were not receptive to Australian risk because of the country's exposure to a downturn in the U.S. and Japanese economies. In addition, some bankers said their See EUROBONDS, Page 15

Currency Rates

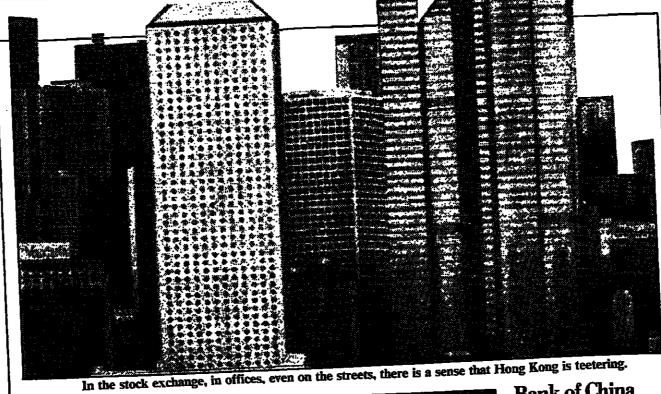
es in London, Tokyo and Zurich, fixings in after centers. New York closing rates, where the fixed frame; b: To buy one pound; c: To buy one dollar; ": Units of 168; N.Q.; not the contest frame; b: To buy one pound; c: To buy one dollar; ": Units of 168; N.Q.; not | Curvency | Per 5 | Curvency | Per 5 | Curvency | Per 5 | Argen, costrol | 4.00 | Greek droc. | Asstroil. 5 | 1.266 | Most Responsibility | 12.26 | Most Responsibility | 12.27 | Most Re S. Ab. road
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Sources: Industria Bank (Brussels); Banca Commercials Italiana (Milan); Banque Nationale (Paris (Paris); Bank of Takyo (Takyo); IMF (SDR); BAll (dinar, riyal dirham); Gasbank

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After the Fall, Fear: Vertigo in Hong Kong

By Nicholas D. Kristof New York Times Service

HONG KONG - Stock markets fell everywhere last month, but it was in Hong Kong that the crash was loudest, most palpable, and perhaps most telling. In one day, stock prices fell 33.33 percent, one of the worst one-day plunges on any stock market in history.

Until mid-October, Hong Kong had been a virtual money machine, with among the world's best-performing stock markets and property markets and an economic growth rate that was four times that of the United States or Japan. But the cement that binds Hong Kong is confi-

dence, confidence about business prospects and confidence that China will leave it alone. That now seems in danger of becoming unglued. In a private box above the Happy Valley race-

course, where Hong Kong's tycoons gossip and gamble on horses, one financier recalled the other day that he had lost almost everything in the 1973-74 Hong Kong market crash, when share prices As a Nervous Market Reopens, Fears of a 'Sucker Rally' Abound

NEW YORK - As the stock analysts who had been exuberant

of the panie-stricken days surrounding the Oct. 19 crash may be stocks lost an unprecedented 508

Not Quite at Wit's End

Wears Thin When the Joke's on Them

But Wall Streeters Find the Humor

jitters, some analysts believe that revised their predictions.

just the day before fell silent or

On Oct. 19, the Dow Jones in-

points, or 22.6 percent of its value.

After zigzagging for a week, the

Dow then rose nearly 200 points, or

about 11 percent, in the last four

trading sessions to close Friday at

Many institutions wandered tion: Was the outlook really im-

That posed a troublesome ques- delphia inv

Compiled by Our Staff From Dispatches

market enters its fourth week of

another correction or even a replay

Even as investors were buying

stocks at an exhaustive pace Friday

and behaving as if the worst finan-

cial crisis in six decades were over,

By Glenn Kramon

New York Times Service NEW YORK — On Wall

Street, the rumor was that Mer-

rill Lynch had adjusted its in-

canned goods.

the past two weeks.

Wall Street seems to generate more than its share of this kind

of humor. It had a field day

with the foibles of the former

presidential candidate Gary

space shuttle. You got 27 one-

vestment professional said.

claims, "I For Sale."

just around the corner.

plunged by 92 "It's happening again," he said, "the big

slump we've all been waiting for." Several others agreed. These financiers may be no more correct in

predictions than they were in picking horses. The underlying economic opportunities for Hong Kong have rarely looked so good. Many other forecasters believe that the territory will lose its vertigo and test new heights on the financial markets while its economic products. their economic new heights on the financial markets while its eco-

Ronald Li

back to the sidelines, and market proving or was the market simply sion on the New York Stock Ex-

enjoying a temporary bounce from depressed levels?

too excited too quickly," said Eu-

come by this week. "I'm afraid people are going to find that this market is still treacherous, and they

The pundits are spooked by two things: overly aggressive buying for a market that has just stumbled

were far too exuberant Friday.

and Congress.

to investors.

nomic growth accelerates.

But the suddenness of the crisis that hit Hong Kong last week underlines a constant threat to See HONG KONG, Page 18

Bank of China Reports No Loss Agence France-Presse

BELIING - The Bank of China says it suffered no "direct eco-nomic losses" as global stock exchanges crashed, but that it is watching the situation closely, particularly in Hong Kong.

The Bank of China was quoted Saurday by the news agency Xinhua as saying that it "mainly buys and sells stocks for clients, which involves no risk." It added that "the stock mortgage loans it offers are also within safe lines."

The bank, China's foreign exchange offshoot, contributed \$42.7 million last week to a \$512 million fund to salvage Hong Kong's stock futures market.

Analysts in Beijing said that China held about 10 percent, roughly \$8 billion, of the Hong Kong market's total capitaliza-tion before the crisis.

with buy orders as individual inves-

nons. Burdened with so many

small orders, the NYSE tape could

German Suggests **Bundesbank for**

ANTWERP, Belgium — The West German central bank, the

Bundesbank, could be adapted to the role of a central bank for the European Community, a senior West German central banker has

suggested.
Wilhelm Nölling, president of
the Federal Reserve Bank in Ham-burg and a member of the Bundesbank's policy-making committee, said the bank, which already dominates European monetary policies, could eventually be "Europeanized" by including representatives from EC member states.

"But I don't have any illusions about the readiness of politicians to accept this," he told reporters on Saturday at a conference here on the European currency unit.

He made clear that he was not speaking for the Bundesbank. "I am against toying about with new bureaucracies," Mr. Nölling

said. "I am not in favor of establishing a new superpower alongside the present setup of central banks." President François Mitterrand of France called earlier this month for the creation of a European central bank to help supervise economic integration in the EC.

At present EC member states coordinate their economic policies within the framework of the European Monetary System, an ex-change rate mechanism that imposes strict limits on the fluctuations of eight EC currencies.

In a rare departure from tradi-tional Bundesbank policy, Mr. Nolling also said he doubted whether Britain should be allowed to join the EMS exchange rate sys-

tem. He said that the Bundesbank

Reynolds commented, "Can you

really feel comfortable buying

stocks when you know that last

time the Dow was at the 2,200 level

High Johnson of First Albany

Corp. said, "There's that fear that you're going to be blindsided again,

that an unexpected shock will oc-

Yet Joseph Barthel, an analyst

for Butcher & Singer Inc. in Man-hasset, New York, voiced concern

See REBOUND, Page 15

it fell 508 points? I don't think so."

EC Central Bank

been saying for years that the British ought to be part of the system. "He has never actually said why." Mr. Nölling said. "I think you might find there would be instability in the system in Europe were the pound to join."

Prime Minister Margaret Thatcher of Britain has so far strongly resisted calls from her EC partners to take Britain into full

Piedmont, **USAir Merger** Is Approved

WASHINGTON - The Department of Transportation has approved the \$1.59 billion merger of USAir Group Inc. and Piedmont Aviation Inc., rejecting the advice of an administrative law judge who had called the deal anti-competitive.

The new airline will be the seventh-largest in the United States. The judge, Ronnie A. Yoder, had said the merger would mean "a substantial reduction of competition" on the East Coast. The two airlines had argued that

they needed to merge to remain competitive against such big carriers as Texas Air Corp., American Airlines, United Airlines and Northwest Airlines. Edward R. Beauvais, chairman

of America West Airlines, based in or America west Amines, based in Phoenix, Arizona, said Friday that the company would seek a reversal of the decision from the U.S. Court of Appeals and a stay of the decision in the meantime.

America West argued that the merger would result in increased concentration in ownership of landing rights at Washington National Airport and La Guardia air-port in New York and amount to a barrier to airlines seeking to serve those markets.

Piedmont will continue to operate as a separate airline for at least nine months before merging into USAir, which has headquarters at Washington National. Earlier this year, USAir acquired

Pacific Southwest Airlines, giving it a strong West Coast presence and transforming the former regional carrier into a national carrier.

John Connolly of Dean Witter Have Consumers Lost Heart? U.S. Car Sales Will Offer Clue

By Richard W. Stevenson New York Times Service
NEW YORK — On Wednesday,

package that proves unacceptable "This market is still very sensi-tive," said Robert H. Stovall, president of Stovall-Twenty First Advisers in New York. "And if there is more turmoil and finger-pointing in Washington instead of strong action, I hate to think what might

Too many people are getting tors followed the lead of instim-

firm Janney Montgomery Scott.
"We were buying aggressively on Wednesday, but we're back on the sidelines now."

The tape was back to being late," Mr. Helzner said. "Some stocks were up an incredible \$3 to \$5 a share right off, and almost immediately, the chronid inetity.

Jerry Helzner, a market strate- immediately the shrewd institu-

gist for Butcher & Singer, a Phila-

firm, said that don't like to chase rallies."

gene D. Peroni, a technical analyst small orders, the NYSE tape for the Philadelphia investment not keep up with the trades.

happen."
Mr. Heizner found Friday's aggressive buying patterns equally

seen the worst.

"The steady driving rally on Thursday really looked good," he said. "But as soon as the market opened on Friday, there were signs or anecdotal, will be placed under a microscope. of sloppiness. There were way too microscope.

There are likely to be some conThere are likely to be some conThere are likely to be some conThere are likely to be some con-Thursday was proof that we had flicting signals about the economy's In the first hour of Friday's ses- ed from varying perspectives.

through a terrifying month, and investors' fixation on budget negowhen automakers report their sales for the last 10 days of October, economists seeking to divine the course omists seeking to divine the course tiations between the White House Some analysts fear that the financial markets could come crashof the U.S. economy will pore over the figures as never before. ing down again if Washington compromises on a deficit reduction

As the first solid piece of statistical evidence of consumer behavior since the stock market crisis began in earnest the numbers, depending on their strength or weakness, are sure to be seen as harbingers of continued moderate economic expansion or impending malaise.

Indeed, with the turnoil in the markets abating only slowly, growth forecasts being slashed and the possibility of a recession looming, every indicator of consumer and business

direction, and they will be interpret-

Does the market plunge reflect underlying weakness in the econo-my? Or is the danger largely in the experts get a firm grasp on what Wall Street's crazy days mean for the economy.

The last five years of economic growth have been based largely on the strength of consumer spending. With 60 to 65 percent of growth in the gross national product recently derived from the consumer, economists are watching most closely for signs that people are putting away their wallets, credit cards and check-

"What I'm really looking for is evidence that consumers are pulling in their horns," said Murray L. Weidenbaum, a former chairman of the Council of Economic Advisers who is now director of the Center for the Study of American Business at Washington University in St. Louis. Some economists think it takes at

See CONSUMERS, Page 15

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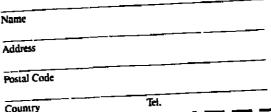
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ast Week's Markets

vestment portfolio — to 50 per-cent cash and 50 percent On bumpers around the country, the latest sticker pro-daims, "My Other Porsche Is In Miami, production is said to have begun on a new movie, "Rambo Gets a Margin Call." And what do you say to an investment banker? "Fill 'er up."
Such is the grim humor that has emerged on the trading floors and in the conference rooms of investment firms in Of course, for the many investors who have lost hundreds. thousands or even millions of dollars, the stock market plunge is hardly a laughing matter. But the nature of black humor is that it surfaces in the most trying times. You either laugh or

> More wry humor on Wall Street: The bulls were back briefly on Friday — for Halloween.

Hart and the tragedy of the Many traders and analysts said liners in 10 minutes," one inthe jokes have been far scarcer.
"When bad things happen to The difference this time, other people, you have a lot See WIT, Page 15 though, is that the market's collapse has hit closer to home.

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INTERNATIONAL POSITIONS

You will find below a listing of job positions published

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TITLE	SALARY	EMPLOYER				
MANAGING DIRECTOR	Competitive	Large specialty automotive supplier				
DEPUTY DIRECTOR GENERAL		ICRISAT				
SENIOR ANALYST		Radio Free Europe				
CASH MANAGER	FF. 200,000 p.a.	Multinational company				
CHIEF ACCOUNTANT		The Mitsubishi Bank, Ltd.				
MONEY MARKET DEALERS		The Mitsubishi Bank, Ltd.				
OPERATION MANAGER		The Mitsubishi Bank, Ltd.				
BILINGUAL ENGLISH /FRENCH SECRETARY		The Mitsubishi Bank, Ltd.				
PERSONAL ASSISTANT TO CHIEF EXECUTIVE		Int'l Group of Companies				
INGENIEUR D'AFFAIRES		Centre Atlantique de Commerce înt'i				
CPA or Attorney		Arthur Andersen & Co.				
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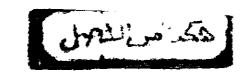
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New International Bond Issues

***		Desviettes				
Issuer	Amount (millions)	Mot.	Coup.	Price	Price end week	Terms
FLOATING RATE N	OTES		•	· :		
Guaranteed nyestments	\$140	2038	3/16	100		Over Libor, Redeemable at par in 1997, Secured by perpetudi FRNs and by 50-year zero-coupon bands of the World
National Home Loans Third Funding	£ 100	2014	1/4	700		Bank. Over 3-month Libor until 1994, Vr over thereafter, Average life 7 years, Fees 0.60%. Additional £10 million privately placed.
lank of New Zealand	NZ\$ 210 .	1990	1/2	100,10	-	Below 90-day Bank bill sell rate for 1st 3 months, and 1/s below the 4-month bill sell rate thereafter. Redeemable at par in 1988, Fees 0.10%. Denominations NZ\$5 million.
lank of New Zealand	NZ\$ 210	1990	1/2	100.10		Below 90-day Bank bill sell rate. Redeemable at par in 1988. Fast 0.10%, Denominations NZ\$5 million.
OFE Overseas nvestments	NZ\$ 225	1992	35	100.10		Below 90-day Bank bill rate. Redeemable at par in 1988, Fees 0.10%. Denominations NZ\$10 million.
hugoku Electric lower	Y 20,000	1992	1/4	100		Over 6-month Libor. Noncolicible. Fees 0.25%. Denomina- tions 10 million yen.
ely	Y 150,000	1992	0.55	100.10	~	Below the Japanese long-term prime rate, or 0.35% over the most recent Bank debentum, whichever is higher, payable semiconsolly. Collable at par in 1989. Fee: 0.20%, Denominations 10 million yes.

		· · · · ·	· ·				most recent some debenture, whichever is higher, payable semicanually. Collable at par in 1989. Fees 0.20%, Denominations 10 million yea.
1	FIXED-COUPON						
(News Int 7	DM 700	1992	6%	991/2	98.00	Noncolioble, Fees 2%
ं	World Bank	DM 250	1993	61/4	1001/4	,	Noncolleble private placement,
	McDonald's	£ 50	1992	9%	1011/2	99,65	
ź	ENEL	ECU 200	1992	8	99	97.25	Noncollable, Fees 17/%
	European Investment Book	BCU 100	1997	8%	1011/2	99,38	Purchase fund to start in 1st year, Fees 2%.
١.	Italy	y 150,000	1992	5¾	1011/4	99.63	Noncollable, Fres 1966.

Flight to Quality Spurs Record Week REBOUND: CONSUMERS: Car Sales to Offer Clue on Confidence

By Carl Gewinz

PARIS — The continuing flight to quality by investors made for a record week in the Euro-commercial paper market last week.

ing through Euroclear's settlements system totaled \$5.7 billion, while trading in the secondary market amounted to \$3.4 billion, produc-ing a weekly record of \$9.1 billion. The new issue volume itself was just a tad below the record \$5.8

matically pushed down rates.

market paper last week at 25 to 30 basis points below the London interbank bid rate. A week earlier, Sweden's paper fetched 17 basis points below Libid and a month ago the rate was around 15 basis points below the benchmark.

French state-guaranteed paper last week was quoted at 20 basis points below Libid, compared with minus 15 a month earlier, and Danish paper, also quoted at 20 points below, was at minus 10 a month

a ceiling on the amount of paper to be sold were at or very near the selfthese limits to be revised upward.

At the same time, they anticipate Attan new borrowers, who up to now have been skeptical about the viability of this fledgling sector of the Euromarket, will be establishing

expected increase in the volume of

rare new deal emerges after intense over Libor. competition by banks to win the

trade surpluses.

So when Hyundai Motor came to points over Libor. the market to finance an investrowing charge continued to de- if more than two-thirds is used.

notes. However, given current investor preferences for top quality, sis points plus one basis point each the notes are most likely to end up year for extending the life. The cost in the portfolios of banks. The to draw on the credit is set at 10 eight-year notes, which horrowers basis points over Libor with a utili-can redeem after five years, will zation see of an additional 2½ basis

Turkey, which had entered the

size of the loan to \$100 million. option to convert the loan to Deutsche marks. The proceeds from this sale reduced the country's effective starved for new business and the borrowing charge to 10 basis points

in other correncies will cost 8 basis

The annual facility fee is 64 ba-

Kaufman Sees 'Symbolic' Need to Reduce U.S. Budget Deficit

As chief economist for Salomon Brothers Inc., the largest U.S. investment banking firm, Henry Kaufman has earned the distinction of being one of Wall Street's most influential forecasters. His views on interest rate trends in the United States routinely attract international attention, And his weekly Comments on Credit remains one of the most widely read pieces of research produced by Wall Street. He spoke with John Meehan, editor of the IHT's Personal Investing section, about the turmoil in the stock market and the economic implications.

Q. After the Oct. 19 stock market plunge, the Federal Reserve adopted a more accommodative monetary policy. How long do you think this will last?

A. I believe that the Fed will maintain an easier stance in the near term. They have already taken the federal funds rate down from 7% to roughly 6%. This is one per-centage point down. I believe they will probably try to stabilize here until they have a better reading on the impact from the stock market decline on the economy.

Q. When will we have a clearer idea of how badly the economy has been damaged?

A. We get the first reading this week with the 10-day auto sales figures. Next week, we will get another reading from retail sales. I would suspect that both will show some slackening as a result of the sharp decline on the stock market. This will mean some slowing that may, and I say may, indicate one quarter of negative real growth, and that's provided the prices of stocks stabilize. The slowdown would likely occur in the first quarter of next year after inventories are drawn down.

Q. What do you believe the Federal Reserve will do if there are strong indications of a slowdown?

A. If that is the case, I believe there is a

MONDAY O&A

Q. What are the implications for the dollar

A. What we need now is an extraordinary

chance that the Fed will resume an easier policy, bringing fed funds down to 6 per-cent. It may even include a reduction in the discount rate by a quarter- to a half-percentage point in the final quarter.

on foreign exchange markets?

A. So far, the implication has been to put pressure on the dollar. The risk is for a further slide until it stabilizes, which I see at about a range of 1.60 to 1.70 against the Deutsche mark and a range of 130 to 135 for the yen. The need is to bring this about in a moderate fashion. We can't afford a free-fall. A free-fall would suggest to everyone that our monetary policy is not flexible. This would arouse expectations in a negative sense in the bond market that could bring about a sell-off, which in turn would have an adverse impact on the

amount of international monetary cooperation, particularly with West Germany and Japan. There must be a willingness to reduce interest rates. In a sense, we're beginning to see some of this in Germany, where they lowered the rate on repurchase agreements, and both German and Japanese central banks have been substantial buyers of dollars. The pattern of Japanese and German interest rates in the weeks ahead will be critical.

O. Given the clear concern about the dollar among foreign investors, do you believe U.S. monetary authorities will have to take stronger measures to ensure the success of November's U.S. Treasury refunding? A. I don't think so. The Treasury refinanc-

ing is at much reduced proportions and the Fed is more interested in ensuring tranquillity at this point. Still, I doubt the Fed will initiate any additional easing prior to the refunding. Only if the stock market were to sell off sharply from here would we see any change in policy. Then the Fed would push more liquidity into the market.

Q. How real is the risk of a recession in the United States? Have you revised your own forecast for economic growth next year? A. This is the great analytical quandary. This is because there is no way that you can take all the changes in stock prices that

appear to have many immediate options open to them. How can they engineer a gradual descent in the dollar?

and find out with certainty how it will affect the economy. I had forecast 3 percent growth for next year. It's certainty going to be less, but it's too early to say by how much.

Q. Is a valid compromise in Washington on

the budget deficit the only piece of news

that will calm financial markets?

A. We need to reduce the budget deficit in the United States and get moving on it in the next few weeks. In this connection, the budget deficit has become a symbol of how well we respond. There isn't any evidence to argue that a \$23 billion reduction will make the difference between stable and unstable markets. What is at issue here is that we put into place a plan for a downward adjustment in the delicit. But we need to demonstrate much more the maximum of international cooperation. Nations can't pursue narrow domestic goals and we certainly can't afford the open fighting and bickering we saw a couple of weeks ago.

O. There has been speculation among a number of economists lately that attempts to narrow the budget deficit through higher taxes could actually produce the recession it is designed to avoid. Do you share these

A. When we're talking of only \$20 to \$30 billion at a time when the budget would have grown to \$180 billion when compared to \$148 billion last year, I think this concern is overblown, especially given the extraordinary symbolism, even international-Q. At this point, U.S. policy makers do not have taken place, feed it into a computer ly, given to reducing the budget deficit.

nal Herald Tribune

The volume of new paper pass-

billion recorded two weeks ago. The rush to buy short-dated three-month paper issued by topquality governments has also dra-

Sweden, for example, was able to

Dealers reported that demand the outstripped supply, particularly as most ECP programs that had set

ECP programs.

Meanwhile, in the syndicated

loan market, borrowing charges are laysia is seeking bids to refinance also continuing to drop, despite 55 billion yen of fixed-rate debt at claims by many bankers that an new, lower fixed-rate costs.

(Continued from first finance page) least four months for the full impact of a fall in the stock market to hit

Those who forecast higher market seeking \$85 million for charges base their argument on an three years, last week increased the loans now that alternatives — issu-ing stock or bonds — are closed to points over Libor with front-end all but the highest quality issuers. fees ranging up to 1 percent. How-But banks active in Asia are ever, Turkey also sold lenders an INTERNATIONAL CREDIT

New in the market is a five-year mandate. A good example of this is facility of 100 million European South Korea, the most heavily in-debted country in the region. Currency Units for Arjomari-Prioux SA, a French producer of Figures from the Bank for Inter-high-quality paper. The facility, national Settlements show that which can be extended to seven South Korea reduced its foreign years at the option of lenders, carbank debt by \$2.5 billion in the first ries an annual fee of 614 basis half of this year, making a reduction of \$5.2 billion in the year to francs will cost 15 basis points over last June, thanks to its burgeoning the interbank rate, while drawings

There will be utilization fees of ment by its subsidiary in Canada, 21/2 basis points if more than onecompetition was fierce and the bor- third is drawn and of 5 basis points In the steeling sector, Williams

Six months ago, Hyundai paid * Holdings, a company whose interpoint over Libor to borrow from the banks. The latest \$100 million, million, million, millioption facility. This is nominally a five-year deal Yukong Ltd., a South Korean oil but in fact is an "evergreen," since company, plans to raise \$50 million lenders each year will be asked to

Heavy Industries Corp. of Ma-used.

lieved" by investors. "This translates to higher prices on the consumer mood are someshort term until the anticipated re- what fuzzy. flex action runs its course," he said.

over, prices are going lower." investment firm of Cowen & Co., nancial centers remain relatively unagreed with that sentiment in a concerned about the market turcommentary written during the moil. market turmoil. "Why can't we just

the "sucker rally" after the great new behavior patterns. crash of 1929, which subsequently gave way to a long, tortuous de-

1970s, they also note, stocks apthe week after Oct. 19's 508-point peared to be staging a comeback in market plunge. That 5.6 percent de-Street precedents are not necessar-during the 1973 oil crisis.

ily rules that cannot be broken. Richard Curtin, who runs another market's spectacular drop has already set in motion forces that can avert a recession in the producing and consuming economy and ultimately restore confidence.

The Federal Reserve, which had been tightening its credit policy to ly switched to a stimulative approach, pumping money into the financial system. And interest rates, which had

been rising took a rapid drop. At the onset of a recession, rates are bear interest of ½ point over Libor. points if more than one-quarter is typically moving up steadily.

Heavy Industries Corp. of Ma-used.

(LAT, AP, Reuters)

(Continued from first finance page) Japan Is Said clients were not pleased with the intended use of the money, report-edly to fund the bank's bond port-

Merrill Lynch marketed \$140 million of FRNs in the name of Guaranteed Investments, a repackaging of six different perpetual FRNs whose redemption in 50 years is assured by a zero-compon bond issued by the World Bank. In addition, payment of interest and principal is guaranteed by an insurance company, giving the new of-fering a triple-A rating.

The notes will be issued in six

separate tranches, each of which will be secured by the paper of one bank and a portion of the World Bank zero. Interest will be paid at 4-point over Limean, the average of the bid-offered interbank rate, which is equal to 3/16 of a point over Libor.

There are two kickers to this very complex deal: Holders can request redemption at par value after 10 years, or can at any time, for a 1 percent fee, exchange the new FRN for the underlying perpetual plus the World Bank zero.

The exchange feature is supposed to be the sexy part of the deal, making up for the unexciting margin over Libor. The exchange is potentially a very valuable option since perpe-

mals currently are out of favor and -trade at 15 percent discounts from face value. If perpetual prices ever recovered and traded at par value, holders making the exchange could

-make a huge profit However, riding the recovery in perpetual prices is not an open option. Investors could find themselves forced to exercise the option because the new FRN can be called at a premium price of 102 anytime

after the second year. The notes, offered at par, were quoted at 99.90 at end of the week. The market also saw several New Zealand dollar FRNs last week, but these were really private place-ments targeted for clients in Japan.

The Euroyen paper, floating and fixed, was well received. Bankers expect demand to pick up as the Japanese authorities are threatening to close a loophole that had enabled foreigners to buy do--mestic yen bonds.

To Urge Bidding For U.S. Bonds

Agence France-Presse TOKYO - The Finance Ministry will advise Japanese institutional investors to bid actively for U.S. government bonds in an auction this week. market sources said.

The ministry believes that a decline in bidding by Japanese life insurance companies, trust banks and other financial instiunious could lead to a further drop in the dollar as well as trouble on world financial markers, the sources said Saturday. The U.S. Treasury is to auction bonds worth \$23.75 billion

this week In past auctions, Japanese institutional investors have bought about one-quarter of the long-term investments.

There is a withholding tax on domestic paper that foreigners have escaped by selling their hold-ings to domestic investors just before coupon payments.

The expected new rules will apply the withholding tax on an accrual basis, effectively eliminating the evasion and driving foreign in-vestors to the tax-free Euroyen

suffered last week was the Austrahan-dollar sector. Domestic bond rates rose while the currency fell, even against the U.S. dollar.

Whereas the U.S. dollar dropped some 5 percent against the Deut-sche mark last week, the Australian dollar lost 5.6 percent against the U.S. currency.

For West German purchasers of Australian dollar bonds, that meant a currency loss of almost 11 percent. Meanwhile, the price of the bonds dropped by some 11/2 Bankers calculate that it would

take a 22 percent drop in the exchange rate to wipe out the gains a West German investor would expect to make from the higher conpon on three-year investment in Australian-dollar paper.

EUROBONDS: Is Bigger-Safer? WIT: Wall Street Jokes Wear Thin

(Continued from first finance page) more jokes," said Edward E. Yardeni, chief economist at Pruden-tial-Bache Securities.

But when it happens to us, it's not so funny." Still, almost all those interviewed volunteered that they had heard a few good jokes, although they admitted that many were too tasteless

Much of the humor deals with the sell-off's impact on the lifestyle of high-flying investors.
"How many investment bankers can you fit into the back of a pick-

up?" goes one. "Only two - you have to leave room for the lawn Some are dusted off from previous crises and given a fresh spin.

Leigh S. Curry, an institutional salesman at Paine Webber Inc., offers this one: "A woman walking down Wall Street sees a frog that begs, Kiss me and I'll turn into an irbitrager.' The woman refuses. Not a chance, she says, putting the frog into her purse. 'A talking frog might be worth something.'" A year or so ago, that one circulated with an Oklahoma oilman in

the title role. Perhaps the most frequently beard joke of the past two weeks is: What do you call a Harvard

MBA? Waiter!" Other jokes deal with the tur-moil's effect on securities firms themselves. For example, the ru-mor on Wall Street is that two huge firms, Shearson Lehman Brothers and Paine Webber, plan to merge.

The one bond market to have The new firm would be called The layoffs at Salomon Brothers

earlier this month prompted this glum joke; "What's the difference between Salomon Brothers and other Wall Street firms? About two

Politicians have also come under fire. One joke speared Senator Joseph R. Biden Jr., the Delaware Democrat who withdrew from the sidential race amid disclosures that he lifted portions of his speeches from other politicians. Mr. Biden's comment on the market panic: "We have nothing to lear

but fear itself." Not surprisingly, much of the humor deals with the morbid stereotype of distranght brokers taking their own lives:

What do they ask you when you want a room at the Hyatt? "Is it for sleeping, or jumping?"
Why haven't more brokers taken

the plunge? "You can't open the What is the precipitation probability? "Rain, 30 percent, brokers,

And how do you get a broker down from a tree? "Out the rope." There are also old favorites making a return appearance:
"What's the best way to make a

million in the stock market? Start with \$2 million." Indeed, the most recent Wall Street one-liners are really nothing new. After the crash of 1929, the jokes sounded much like today's. "I have an uncle working on Wall Street," goes one golden oldic.
"He used to have a corner on the

the corner." And: "Get my broker, Miss "Yes, sir. Stock or pawn?"

market. Now he has a market on

Wood Gundy Falls Victim to BP Sale

TORONTO - The large poten-

tial losses by a Canadian brokerage. Wood Gundy Inc., in underput in doubt First National Bank of Chicago's plans to take a stake in latory agencies. William J. McDonough, vice

"before proceeding with the myestment process."

First National agreed in June to pay about \$206 million for a 35 percent stake in Wood Gundy. The

Britain announced Thursday that it would allow the £7.2 billion (\$12 billion) offer of shares in BP to chairman of First Chicago Corp., proceed, despite the collapse in share prices, but said the Bank of the parent of First National, said that executives of his company and England would buy back shares at Wood Gundy would meet to assess their current trading value for the the impact of the BP transaction next month.

that the market was still "overbe-lieved" by investors. consumer spending, so it is not sur-prising that the preliminary readings

While news reports spotlighted "But once the snap-back rally is incidents of car and home sales being canceled, surveys showed that Justin Mamis, an analyst at the most Americans outside major fi-

Consumer confidence levels. go right back up?" he asked. "Be- which most economists study as an cause V bottoms lead to bear mar- early indication of the economy's ket rallies, and not new bull mar-direction, have sagged as the stock warket has numbled, but not so dra-Students of market history recall matically as to give a clear picture of The Conference Board, a business

group, reported last week that its index of consumer confidence In the worst bear market of the dropped to 110.4 from 116.9 during whether their jobs and incomes are late 1973 before they slid to the cline, a spokesman for the group lows of the decade in 1974.

But analysts note that Wall much less than the 33 percent drop scale back spending plans.
The new car can wait, their think-

The optimistic case right now is survey of consumer confidence at to hold the line on Christin founded on the premise that the University of Michigan's Insti-

the impact on consumers.

He said that when faced with an

one of uncertainty, often followed by a sense of relief that their worst fears — the specter of Depressionera bread lines, for example — have not come to pass. Only then do they to keep on ticking. settle into the new economic reality. Right now, he said, uncertainty

the economy are adequate and they don't know what to replace them with." he said. "People are very unsure as to what it means to me, my job, my financial future." Uncertainty in itself, however, is a powerful influence on the economy. Consumers who are unsure what their holdings will be worth, or

reigns among consumers. "They no

longer think that their views about

ing goes, as can the bigger house. and maybe it would be a good idea to hold the line on Christmas pre-

secure, often decide to postpone or

tute for Social Research, said it. The extent to which that phenomwould be some time before it is safe enon is settling in will most likely to draw any final conclusions about show up in the 10-day auto sales figures on Wednesday.

If sales remain at around the aneconomic event of the magnitude of mual 6 million-vehicle rate that they the Oct. 19 phinge, people tend to go were running before the market through a period of disbelief into phinge, it will be taken as a sign that consumers are shrugging off Wall Street's latest woes - or at least are taking a deep breath and betting that the economy is resilient enough

But if sales fall much below an annual rate of 5 million, it will almost certainly be taken as a warning that spending is slowing significant Economists warn, however,

against putting too much stock in one-month changes in sales. The data are affected most of the time by special factors such as incentives of fered to car buyers that temporarily inflate sales and make comparisons difficult

Economists also point out that consumer spending was easing off even before the stock market began its gyrations, at least partly because of high debt levels and the loss of some tax deductions on interest payments on consumer debt.

SELECTED B.S.A./O.T.C. QUOTATIONS 21 Bitter Corp. 1% 21/8 91/4 10 GoodWark Food 9% 9% MAG Holdings 猪 NAV-AIR 734 Not. Business Systems 10% 11

CONTINENTAL AMERICAN These are indicative market prices How the

WITH COMPLIMENTS OF

extremely rich invest to stay that way. (Details to this paper soon) GRINDLAYS

A member of the ANZ Group

Newsmber 1097

This announcement appears as a matter of record only



International Bank for Reconstruction and Development

Washington, D.C.

DM 200,000,000

57/8% Deutsche Mark Notes of 1987/1992

Private Placement

Baverische Landesbank Girozentrale

Caisse des Dépôts

ASLK-CGER Bank

Bank der Bondsspaarbanken N.V.

Amsterdam

Bremer Landesbank

CARIPLO

Cassa di Risparmio

delle Provincie Lombarde

DSL Bank

Deutsche Siedlungs- und

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Landesbank Rheinland-Pfalz

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Deutsche Girozentrale - Deutsche Kommunalbank-

et Consignations Norddeutsche Landesbank Girozentrale

der österreichischen Sparkasser Sparekassen SDS

BACOB Savings Bank s.c.

Girozentrale und Bank

Bank in Liechtenstein (Frankfurt) GmbH

Caisse d'Epargne de l'Etat du Grand-Duché de Luxembourg, Banque de l'Etat Commonwealth Savings Bank of Australia through Commonwealth Bank of Australia

Första SparBanken

Landesbank Saar Girozentrale

Sparkasse der Stadt Berlin West Girozentrale in Berlin

A/B/C

Hessische Landesbank

Badische Kommunale Landesbank - Girozentrale -

Caja de Madrid

Die Erste österreichische

Bikuben

Spar-Casse-Bank First Austrian Bank Hamburgische Landesbank

Landesbank Schleswig-Holstein Girozentrale

-Girozentrale-

SwedBank

Zentralsparkasse und Kommerzialbank,

Union Bank of Norway

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The Board of Directors of HACHETTE S.A. met October 28, 1987 to approve the company results as at June 30, 1987.

The current trading result before appreciation and depreciation amounted to FF. 119. million, compared with FF 111.2 million in 1980. Following these adjustments, the figures were up to FF. 155.6 million, compared with FF. 140.4 million.

consolidated results which give a true picture of the situation of the Group, will be up by about 15% for 1987, and should amount to approximately FF. 250 million for the Group share, against FF. 216 million for 1986, prior to appreciation and depreciation, or some FF. 300 million following these administrative.

Description of the control of the co Euromarts At a Glance | Re-EGES | Oct.22 | Oct.23 | Oct.23 | Oct.23 | Oct.23 | Oct.23 | Oct.24 | Oct. 21 10.34 10.73 13.46 13.41 13.48 10.39 9.49 11.22 11.22 14.15 4.38 4.14 Oct. 29 Cade 5 197,18 82,09 21,00 741,20 1,041,30 Ecrocleur \$ Needs 1,611.20 1,841.96 '581.70 2,70 391.90 2772.40 \$745.00 220.90 8,536.70 1,484.50 Straights Convert. FRIS SCP Total Second Cedel
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Page 1 INTERNATIONAL HERALD TRIBUNE, MONDAY, NOVEMBER 2, 1987 **ASDAO National Mar** OTC Consolidated trading for week ended Friday Sound's SoCar's SoCar's Social .52 3.1 .15 omatic role to he Japanese oil asked to "berudence in the United States 19.17 11.83 Mutual tese companies most likely 12895 36529 402 453 193 3534 4600 lunds 15446 hat they risked I they were to 81d 16.46 14.17 namese exports, 2081 3 1084 21/2 484 31/4 177 15-24 4713 301/2 503 13/4 Puts. at the Defense Chicago Exchange Options bout the affair CASE SIZE LE ress and Le ාස එය ඉස් report by the Direct Equity US Gy Çalis таріяные Мі Title unsword | 9.57 10.26 | Ort Sec | 14.16 14.15 | Ort Sec | Point, the reeen three and
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C New York Times, edited by Eugene Maleska.

SPORTS BRIEFS

Berger Easy Winner of Japanese Grand Prix

TOKYO (UPI) — Austrian Gerhard Berger, starting from pole position, led virtually from start to finish to win Sunday's Japan Grand Prix, bringing the Ferrari team its first victory in two and a half years.

During tire changes the lead briefly went to other drivers, but Berger dominated en route to Ferrari's first victory since the 1985 West German Grand Prix.

Berger completed the 51 laps of the 3.64-mile (5.86-kilometer) Suzuka course in western Japan in 1 hour, 32 minutes and 58.07 seconds, averaging 120.53 mph.

Ayrton Senna of Brazil drove his Lotus to second place, more than 16 seconds behind Berger, after overhauling Sweden's Stefan Johansson, who had to settle for third place in his McLaren only three-tenths of a second in arrears.

Brazilian Nelson Piquet, already assured of the 1987 Formula One drivers'

Brazilian Nelson Piquet, already assured of the 1987 Formula One drivers' championship, dropped out with five laps remaining when his Williams developed engine trouble. Piquet clinched his third world title when teammate Nigel Mansell of Britian, the only man who could have caught him, dropped out of the event after he was injured in an accident during Friday's qualifying.

Watson Extends Lead in Rich Golf Tourney

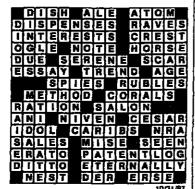
SAN ANTONIO, Texas (AP) - Tom Watson shot a 1-under-par 69 to maintain a four-stroke lead after Saturday's third round of the \$3 million Championships of Golf, the richest tournament in the sport's history.

Watson has led the event from the first day, on Friday, a 66 stretched his margin

to four strokes. Trying to end a nonwinning streak of more than three years, Watson had a 54-hole total of 200.

Mark O'Meara (a 66) and Mark Calcavecchia (69) were tied for second at 204. With a 68 that included a double bogey, Greg Norman was alone at 205, a stroke ahead of Larry Mize, Paul Azinger, Chip Beck, Corey Pavin and Bernhard Langer.

Solution to Friday's Puzzle



Baumann Retires

TORONTO (UPI) — Alex Baumann of Canada, who won two gold medals in the 1984 Summer Olympics, has retired from competitive swim-

ming.
"I can't really do any better in 1988 than I did in 1984." Baumann said Friday. "My body's getting quite a bit older.... The desire and motivation just aren't there."

Baumann won the 200- and 400meter individual medley events at the Los Angeles Olympics, setting world records in each.

Those were two of the six world records he recorded, the first as a 17year-old in 1981.

VANTAGE POINT/George Vecsey

The Children's Hour, the Parents' Pride

NEW YORK — Lee MacPhail could sit with his son at the moment of ultimate triumph while Frank and Helen Viola had to watch their son celebrate from a distance. But all three parents shared the joy of seeing somebody who used to be a child now handle the details and the pressures of being an adult.

For Lee MacPhail and for Frank and Helen

Viola, that moment came last Sunday night in Minneapolis. Andy MacPhail is the 34-year-old general manager of the World Series champion Twins: Frank Viola Jr. is the 27-year-old most valuable player of the World Series.

There were moments when the parents realized that their own identities, their own accom-plishments, would be slightly sublimated to their sons' achievements. To some people, in ways slight or major, they might be defined as somebody's parent.

"Since I'm retired, it's made my summer very enjoyable," said Lee MacPhail, who watched is son go into the family business.

Frank Viola, who watched his namesake take control of the seventh game of a World Series, also noticed how his son organized an outing to a restaurant the night before:

"We've always been close, none of that genera-tion gap stuff," the father said. "But I was always the father, they always listened to me. When we went out to a restaurant, Frank took care of everything. I found that kind of interesting."

What united Lee MacPhail with Frank and Helen Viola was the observation, made by them, confirmed by others, that the two sons were coping in a setting that turns some men cranky.

"Coming home on the plane the next morning," Frank Viola Sr. said, "a reporter said to me, "The thing that impressed me most about your son was not winning Game 1 or Game 7, but that after losing Game 4 he didn't act any different. He came out and talked to us,' I was proud to hear the reporter tell me that."

Parents hope that their lessons, their values, will some day come in handy, but they usually cannot guide their children's careers. Lee's fa-

ther, Larry, the innovative general manager with Cincinnati, Brooklyn and the New York Yankees, had made Lee work on a cattle ranch, literally shoveling manure, before Lee could take a job in baseball.

While Lee was becoming general manager at Baltimore and New York and then American League president, he and his late wife urged the children to go to college and read history and biographies before settling into a career.

There were moments when the parents realized that their own identities, their own accomplishments, would be slightly sublimated to their sons' achievements. To some people, in ways slight or major, they might be defined as somebody's parent.

"I pointed out to my kids that there are only a few jobs," he recalled. "My oldest son was a general manager at Reading before he was killed in an auto accident. My second was working for the Pirates before his bride discovered that baseball executives work all day and then go to the games at night. Then Andy."

Andy MacPhail worked odd jobs at Yankee Stadium, went to Dickinson College and worked for the Cubs and the Astros before taking over the Twins in 1986. While he finetuned the club. Andy hired Ralph Houk as a consultant and often asked advice of his father.

Defeat Jets

Dickerson's D

Trade From "I wouldn't want to say I was more than a sounding board," Lee MacPhail said. "He knows more about his team than I do." At the final out last Sunday, Andy MacPhail

was in his private box with only one other person
— his father. Lee said, "We sort of embraced a
little bit, patted each other on the back." Frank Viola Sr. knows baseball, too, but as a

devoted New York Giants fan, He recalled: "I would tell Frank how Carl Hubbell might give up a home run but then go on to get the next patter. Lots of times, if something happened to Frank, he would feel sorry for himself and lose his concentration."

During the league championship opener, Frank Jr. let a 4-1 lead get away before the Twins finally won the game. That night, while staying at his son's house, the father could not resist saying. "It just seems to me that a man of your experience should have been able to hold the lead."

Frank Sr. recalled: "My son said, 'You don't understand, but on his way up to bed he turned to me and said, I explained it to 250 reporter. but I've never been able to con you."

The parents missed the opening game of the World Series because of the wedding of their

younger son, John. Then they saw Frank Jr. lose in St. Louis on Tom Lawless's home run.

"In the seventh game, I just didn't want him to be embarrassed...," the father said. "Around the fourth inning, I saw the look on his face, that determined look, and I knew he was all right." Frank and Helen Viola remembered their

own identities during the Series; he is the comptroller of radio station WEVD in New York, she is a part-time corrections officer.

The honors keep rolling in for their son: Thursday the White House; Friday in New York he was awarded the Sport magazine car as most valuable player in the Series. The parents hope their son will keep his identity, but they

know it is not as easy for a star.

"You always worry," said Helen Viola. "He's

27. He could change. But he's still fun to be
with. As a mother, I'm very proud of that."

DENNIS THE MENACE



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

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ON 'OPEN FORUM'! WHO IS THIS PLEASE 29

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

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Thirty percent of China's exports pass through Hong Kong, and two thirds of its foreign investment comes from the territory. The fortunes of the one billion people north of the double barbed-wire border fence depend Serious doubts remain, of course. Even if

China wants to make Hong Kong succeed, will it be clumsy and heavy-handed so that it frightens the territory without really mening to?

HONG KONG: After Free-Fall, Fear Lingers Some analysts also worry that Chinese-owney

(Continued from first finance page)

the territory's gleaming business district. It is the economic equivalent, magnified a few times, of the apprehension that some Chinese hold of a devastating earthquake.

It is an edginess, an uncertainty and volatility, that will greatly complicate the territory's greatest challenge over the next few decades: its return to China on July 1, 1997, and the task of integrating one of the world's most freewheeling economies with one of the most con-

Business in Hong Kong is as ruthless and colorful as ever, but it is changing in three fundamental ways. The turmoil in the last few weeks underscores them all:

 China is increasing its business and supervisory role in the territory, 10 years before it becomes the landlord. The Beijing-based Bank of China was a major participant in a rescue package to bolster the futures exchange. China even risked its scarce foreign exchange on a buying spree of Hong Kong shares to help save the capitalists from themselves.

When Karl Marx forecast that increasingly turbulent business slumps in capitalist societies would culminate in a communist revolution, he did not count on neighboring communist countries bailing them out

 Hong Kong, more than ever, is becoming an international business center. Of course, the territory has always been sensitive to circumstances abroad, but the interaction has been growing enormously.

Today perhaps one-third of Hong Kong shares are owned by outsiders: Japanese, Brit-ons, Americans, Taiwanese and Chinese. Foreign capital also has made tremendous inroads in the last two years in the local property market and even in businesses such as retailing, where big Japanese companies dominate the department store market.

 Laissez-faire remains Hong Kong's motto, but not necessarily its guiding light. After the first plunge on the stock market, the stock exchange closed its doors for nearly a week. The move led to fierce criticism of Ronald Li,

chairman of the exchange. And the Hong Kong government twice intervened with rescue packages to bail out the futures exchange. Now, the government is talking about other regulations, such as higher capital requirements for financial firms and laws to make insider trading a crime.

And for the last four years, the Hong Kong dollar has been pegged to the U.S. dollar instead of floating freely.

It is the China connection that looms largest over Hong Kong, Gordon Y.S. Wu, the head of Hopewell Holdings Ltd. in Hong Kong, remarked, "We're sitting on the edge of one billion people, who 15 years ago were waving little Red Books" of Mao Zedong.

Now, as Mr. Wu notes, those people are settling down on farms and factories to make money. Under the senior Chinese leader, Deng

Xiaoping, China is experimenting with stock markets and free enterprise. But Mr. Deng is 83 years old, and his successor may not be so quick to equate prosperity with righteousness. Hong Kong is probably the closest approximation on earth of pure capitalist mercantilism. That formula has made it the 12th-biggest exporter in the world, a speck with 5.6 million people who in a few decades have achieved a per capita income that is higher than that of Spain or Ireland.

Most of the population has come to Hong Kong from China in the last 40 years and has unpleasant recollections of Communist rule. Some Hong Kong companies, such as the Jar-dine Matheson group, lost their holdings in Shanghai when the Communists arrived there in 1949. Those firms do not want to repeat the experience in Hong Kong in 1997.

Thus the overriding question in Hong Kong,

on which every business is gambling its future, is this: Will China let Hong Kong be Hong Kong? The answer that people give, increasing-In the last few years China has come across

as so determinedly capitalist — at least in its operations in the territory - that the consenus is growing that China sincerely does want to make Hong Kong work, that it has too much at stake to allow the territory's position to

nearly as much on Hong Kong as the other way

companies in Hong Kong are over-extended and could fail if the economy cools. That, they think, might lead to intervention from Beijing and preferential treatment that would upset the rest of the business community.

Hong Kong's business leaders disagree on

whether the crisis represented by 1997 is a danger or an opportunity. Mr. Wu sees Hong Kong as the future "New York of China," the financial center for the manufacturing hinter-land. Mr. Wu's stock phrase is that "Hong Kong will be the storefront, and the Pearl River delta of China will be the factory.' Many of Hong Kong's manufacturers are

similarly optimistic, but its brightest young professionals — foreign-educated bankers, doctors and lawyers — generally seem unconvinced. They are emigrating, just in case things And therein lies part of the danger for Hong

Kong, whose business community is losing its best people as fast as it can train them.

Money is leaving, as well as people. Real estate prices in Chinatowns from Manhattan to Sydney are scaring as Hong Kong investor diversify their portfolios and bid up prices. Yet, it is striking that investors are salting away only a portion of their assets, and that even those who emigrate do not take all their meney

with them.
"Most of their assets are working furiously in Hong Kong," said Richard H. Redknap, director of RIA Land Co., which helps Hong Kong residents buy foreign properties.

David K.P. Li, the chief executive of the

Bank of East Asia in Hong Kong, explains: "Hong Kong is still a very good place to make money — and to keep it, because of low taxes." Perhaps it is natural that people are more cautious in gambling with their own futures than in betting with their money.

In any case, at the same time that the territory suffers a crush around the exits, it has also seen an infusion of capital and —at least until the stock market crash —a boom in its proper-ty and stock markets. Much of the boom has come from an inflow of capital from Japan, the United States, Britain and even China, more than compensating for the capital flight.

Now, Hong Kong seems to be at a crossroads. In the stock exchange, in offices, even

on the twisting streets, there is a sense that the colony is teetering. Many people remember growing up with

poverty, and memories of the stunning 92-percent drop in stock prices in the 1973-74 market crash remain fresh. As they peer off the precipice, firm ground seems far more distant than it does to an investor or business executive in New York or London. The current crisis was not caused by China, but it is exacerbated by the knowledge that a "crunch" had been widely predicted a few

years hence, as 1997 draws closer. Mayb people worry, the crunch has come early. Yet, if people worry, they also know that in the long term, no one has ever made money betting against Hong Kong. If the psychology can be reversed, the underlying economy is Strong.

Stock Mutual Funds Mostly Trailed Market

By Eric Berg New York Times Service

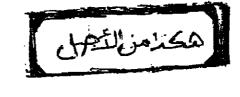
NEW YORK — Many individual investors who thought they would be safer in stock mutual funds had a nasty awakening in the stock market fiasco: The majority of funds

"The funds just didn't do as well as one would have liked," said Michael Lipper of Lipper Analytical Services Inc., which tracks their performance.
Of 857 stock-oriented mutual funds that

reported to Mr. Lipper's firm for the two weeks ended Thursday, 287 produced a total return for investors better than the 17.88 percent drop in Standard & Poor's 500-stock index, while

in Standard & Poor's 500-stock index, while 570 funds did worse.

The top performing fund, Oppenheimer Ninety-Ten Fund, had bought put options—options to sell at an agreed price at a specific time, made in expectation of falling prices. Others that gained refied on buying stocks with a history of fast earnings growth or large divigidends, or invested heavily in foreign securities. "No way was it luck," said Milton Berg, manager of Ninety-Ten Fund and the No. 2-ranked Premium Income Fund. "About the third week in September, I wrote a 35-page report for my firm predicting a terrible stock market crash."



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Colts Defeat Jets, 19-14, In Dickerson's Debut After Trade From Rams

EAST RUTHERFORD, New Least ROTHERFORD, New Jersey — Albert Bentley, whose role is likely to shrink with the Colts' acquisition of Eric Dickerson, gained 145 yards and Dean Biasucci kicked four field goals Sunday to lift Indianapolis to a 19-14 victory over the New York Jets.

The Colts 4-3 remained field a 1-yard scoring pass on the Saints' a 1-yard scoring pass on the Saints' The Colts, 4-3, remained tied atop the American Football Con-

NFL ROUNDUP

ference East in the National Football League.
Dickerson, acquired from the

Los Angeles Rams on Saturday in a phree-team deal, rushed for 38 jards in 10 carries in his debut with the Colts. His biggest contribution came on a 28-yard swing pass in the first quarter. Bentley carried the brunt of the rushing with 29 carries.

The NFL's leading rusher in these of his first four essents. Dickthree of his first four seasons, Dick-erson was traded after continuing contract disputes with the Rams. The Buffalo Bills acquired linebacker Cornelius Bennett, the Colts' unsigned first-round draft

pick, as part of the deal. Sources familiar with the trade said Dickerson had signed a con-tract for three years worth \$1 mil-Asked about his new contract on

Saturday, he said: "Let's just say it's fair. Very, very fair." At halftime, the Jets retired the No. 13 worn for 13 seasons by receiver Don Maynard, enshrined in the Hall of Fame this year. Joe Namath, who for years teamed with Maynard to form one of pro

football's most lethal passing com-binations, is the only other Jet to have his number, 12, retired. Seints 38, Falcons 0: In Atlanta, Bobby Hebert completed his first



Eric Dickerson — of the Colts.

ing drives as New Orleans routed the Falcons. It was the sixth shut-

capped by hitting Mike Jones with a 7-yard scoring pass on the Saints first possession. He came back to complete three for 39 yards in a 46word's 1-yard run, giving New Or-leans a 14-0 lead with 55 seconds left in the opening period.

Redskins 27, Bills 7: In Orchard

Park, New York, Jay Schroeder threw two touchdown passes to Kelvin Bryant and the Washington defense intercepted Jim Kelly three

Running back George Rogers returned to the Redskins' starting lineup after a shoulder injury and keyed the Washington rushing attack with 125 yards. The Redskins defense limited the Bills to 21 yards rushing with forced four turnovers.
Kelly completed 25 of 43 passes for 292 yards. The Bills dropped to

Bears 31, Chiefs 28: In Chicago, Jim McMahon passed for three touchdowns, including a 38-yarder to Willie Gault with 4:44 left, and Dennis Gentry returned a kickoff 88 yards for another touchdown to lead the Bears to a comeback victory over Kansas City.

It was the first start of the season for McMahon, who returned from shoulder surgery in the second half of last week's game. He completed 23 of 34 passes for 287 yards and extended his streak to 24 victorious starts. His late heroics, including a a 25-yard touchdown pass to Gault earlier in the fourth period, offset four touchdown passes by Kansas City's Bill Kenney. The loss was the sixth in a row

for the Chiefs. The Bears raised their record to 6-1.

Dolphins 35, Steelers 24: In Mi-ami, Dan Marino weathered a shaky start in the rain and passed for four touchdowns and 332 yards to lead the Dolphins past Pitts-

The NFL's all-time top-rated quarterback completed 25 of 31 attempts, including scoring passes of 41 and 33 yards to Mark Clayton and 50 yards to Mark Duper that helped the Dolphins overcome a 21-7 halftime deficit.

Marino, throwing for 300-plus yards for the 24th time in his four-year career, also tossed a 2-yard TD pass to Bruce Hardy in the second quarter. It was the 14th four-touchdown game of his career, three shy of the NFL record held by Johnny Unitas, and gives him 14 touchdown passes in four games in



Despite a crunching tackle by Arizona State's Stacy Harvey, Mike Farr held onto this first-quarter pass for a UCLA first down Saturday in Tempe, Arizona. The Bruins won, 31-23.

UCLA Downs Arizona State; Indiana Falls

Compiled by Our Staff From Dispatches

TEMPE, Arizona — UCLA solidified its drive for a berth in the Rose Bowl Saturday while the scramble intensified for the other one. Paco Craig caught two touchdown passes during a 17-point UCLA outburst in the third quarter, leading the Bruins to a 31-23 victory over

Arizona State in a Pacific-10 conference game. In Iowa City, Iowa, David Hudson scored on a one-yard run and Rob Houghtlin kicked the last of his three field goals with 1:57 left, helping Iowa defeat Indiana, 29-21, and stall the Hoosiers' drive to their first Rose Bowl in 20 years.

The Hoosiers fell a half-game behind Michigan State in the Big Ten standings after the Spartans downed Onio State, 13-7. The Spartans and the Hoosiers will meet in two weeks in

tans and the Hoosiers will meet in two weels in East Lansing, Michigan.

"This is going to be a dogfight the rest of the way," said Indiana's coach, Bill Mallory. "Ye can't play again the way we did in the first half today and expect to win."

Chuck Hartlieb connected on 19 of 27 passes for 271 yards and one touchdown as the Hawkeyes improved to 6-3 overall and 3-2 in the Big Ten Indiana, which led 21-20 with 14 minutes Ten. Indiana, which led 21-20 with 14 minutes left, fell to 6-2 overall and 4-1 in the conference. Michigan State, string by a 79-yard touch-down pass on the first play from scrimmage, overwhelmed Ohio State the rest of the way in taking the Big Ten lead. The Spartans are 5-2-1 overall and 4-0-1 in the conference. Ohio State slipped to 5-2-1 and 3-2.

In Tempe, UCLA's Gaston Green, who entered the game second in the nation in rushing, was minus 5 yards in six carries before leaving the game with a shoulder injury. Brian Brown led the Bruins in rushing with 134 yards on 19 carries, 74 of those yards on a touchdown run with 2:12 left in the game. UCLA is 7-1 overall and 5-0 in the Pacific-

10. Arizona State dropped to 5-3 and 2-2. Oklahoma 71, Kansas 10: In Lawrence, Kansas, Patrick Collins ran for two touchdowns and

Kansas, 1-7 and 0-4. Last year Nebraskasco 70 points against the Jayhawks. The Sooners scored on three of their first four possessions to give Coach Barry Switzer his

145th Big Eight victory, tying him with Bud-Wilkinson, his predecessor, for most victories in the conference. Nebraska's coach, Tom Osborne, also has 145 victories after the Cornhuskers defeated Missouri.

Nebraska 42, Missouri 7: In Columbia, Missouri, Steve Taylor imew four touchdown passes and ran 22 varies for another score in

COLLEGE FOOTBALL ROUNDUP

Nebraska's pounding of Missouri. Tight end Tom Banderas tied a Nebraska record by carching three touchdown passes: Nebraska 8-0, fumbled on its first two possessions, but raced to a 28-7 halftime lead. Taylor completed eight of 13 passes for 139 yards and gamed 75 yards on 14 rushes.

on 14 rusues.

Syracuse 24, Pittsburgh 10: In Pittsburgh,
Don McPherson passed for two touchdowns
and ran for another to help Syracuse overcome its last major obstacle to an undefeated season

its last major obstacle to an undefeated season by downing Pirtsburgh. The Orangemen brought their season record to 8-0, their best start since they won the national title in 1959.

Bostos College 20, Temessee 18, in Chestnut Hill, Massachusettis, Jun Anderson recovered a fambled kickoff and freshman tailback. Tim Frager converted the turnover with an 8-yard scamper for the touchdown, helping Boston College, 5-4xidage the Volunteers, 5-2-1.

Notre Dame 36, Navy 13: In South Bend, Indiana, Anthony Johnson ran for four touchdowns and Mark Green gained 102 yards on the ground, powering the Irish, 6-1, to victory. Johnson finished with 25 yards on five carries. Navy has lost seven times in eight outings.

Johnson finished with 25 yards on two carnes. Navy has lost sever times in eight outings. Louisians State 42, Mississippi 13: In Jackson, Mississippi, Tom Hodson hooked up with Wendell Davis on three scoring strikes to lead LSU and strengthen the Tigers' hold on first place in the Southeast Conference. The Tigers

mproved to 7-0-1 and 4-0. Alabama 21, Mississupi State 18: In Bir-

Alabama's all-time leading rusher on his first rum of the game and scored the winning touchdown with 46 seconds left to lift the Crimson

Tide past Mississippi State.
Cleanson 31, Wake Forest 17: In Cleanson, South Carolina, Joe Henderson rushed for 131 yards and two fourth-quarter touchdowns, rallying the Tigers to a 7-1 overall mark and 4-1 in the Atlantic Coast Conference, Wake Forest

the Atlantic Coast Conference. Wake Forest fell to 5-3 and 2-3. Florida State 73. Tulane 14: In Tallahassec, Florida, Danny McManus threw three touchdown passes and Dayne Williams acored on three one-yard plunges to power Florida State's victory. Samme Smith added three touch-

downs as the Seminoles improved to 7-1.

Auburn 29, Florida 6: In Auburn, Alabama, Harry Mose and Stacy Danley each rushed for a touchdown and Jeff Burger passed for another to 7-1. lift Auburn over Florida. Anburn improved to 7-0-1 overall and 3-0-1 in the Southeast Confer-

u-1 overall and 5-0-1 in the Southeast Conterence. Florida dropped to 5-3 and 2-2.

Fenn State 25, W. Varginia 21: In University Park, Pennsylvania, Blair Thomas rushed for 181 yards on 36 carries as Penn State rallied for two touchdowns in the final eight minutes to best Wart Visionian and beautiful MCAA asset. beat West Virginia and boost its NCAA record for consecutive nonlosing seasons to 49.
Oklahoma Seate 56, Kassas State 7: In Stillwater, Oklahoma, Thurman Thomas rushed for

130 yards and three touchdowns to spark Oklahoma State over Kansas State, which is without a victory this year.

Missei 41, East Carolina 3: In Greenville

North Carolina, Steve Walsh passed for 212 yards and three touchdowns in the Hurricanes 27th straight regular-season triumph. Miami improved to 6-0. East Carolina fell to 4-5.

South Carolina 48, North Carolina State 0: In

Sourn Carotina 48, North Carolina State U. In Columbia, South Carolina, Harold Green scored three touchdowns and South Carolina, 6-2, held its opponent to 36 yards of offense.

Arkansas 38, Rice 14: In Houston, James Rouse ran for three touchdowns and Greg Thomas added another score to lead Arkansas, 6-2 overall and 4-1 in the Sauthement Confer-6-2 overall and 4-1 in the Southwest Conference. Rice fell to 2-7 and 0-5.



Guided by Laffit Pincay Jr., Le Glorieux, right, rallied from 17 lengths off the pace to win with a rail-languing stretch run.

Oreal Communicator. But Pincay managed to get Le Glorieux managed to get Le Glorieux through on the rail to win the \$750,000 event by a neck. Motley

West German 3-Year-Old Takes D.C. International

By Andrew Beyer

ushinetan Past Service LAUREL, Maryland — They played the West German national 2-4/5 seconds.

The most ballyhooed horse in the Common Limitar's Gjatsk, ton, D.C., International, but the lyrics might well have been altered to "Pincay Uber Alles."

36th and richest running of Laurel Race Course's most prestigious all around for the Eastern bloc-

If Pincay had made even one small mistake, or had failed to save ground on both turns, Maryland's sensational 18-year-old jockey Kent Desormeanx would have won on the front-running U.S. long shot Great Communicator. But Pincay

was third, a nose in front of Stately

Doz. Le Giorieux covered the 14

field, the Soviet Union's Gjatsk, never got into contention. "He was not in the same class as these hors-It was Laffit Pincay Jr.'s cool es," jockey Marat Kojomzharov and flawless ride that brought Le conceded after Gjatsk struggled Glocieux his narrow victory in the home in 13th place, 17 lengths behind the winner. (It was a bad day Poland's Omen finished 11th in the International and another Soviet horse, Star, was trounced in a lesser

Le Glorieux is a true internationalist. His ownership is West German, but the colt is a son of the Le Fabuleux mare La Mirande and the former Maryland star Cure the Blues, Le Glorieux was bred in Enpland and is trained in France by

The 3-year-old wasn't considcred a top horse abroad. He couldn't beat stakes horses in tories when he shipped to West Germany to run against somewhat inferior competition.

But when he came to the United States and finished second in the race. The top U.S. finisher here in Man o' War Stakes at Aqueduct last 1984 (fourth) and 1985 (third), Pe-weekend, he earned the favorite's

Before the race, Collet told Pinmiles. He was on a record 2:04 pace cay to put the colt in third or fourth before Hussein reeled him in just place in the early stages. That would have been a good spot, but the horse wouldn't cooperate. "He just didn't seem to be willing to go," Pincay said. "Going into the first turn I was way behind, and I

said: 'What the hell am I doing back here?" While Le Giorieux dropped well out of contention, Great Communicator and the English colt Risk Me raced head and head for the lead five lengths in front of the

When Risk Me gave up, Motley shot up the rail to make a challenge momentum at a crucial moment. That left Great Communicator with a clear lead as the field turned for home. And Le Glorieux still didn't seem to be going anywhere. The favorite had been some 17

lengths behind in midrace and as he straightened into the stretch he still had half a dozen horses in front of him. Pincay had made the best of a bad situation, trying to save ground on the turns. Having done so, he had to hope that he would find running room on the rail in the

Pincay steered Le Glorieux around the tiring Risk Me in the early part of the stretch run, and then went back to the rail. "I was kind of lucky the field was spread out," he said. "I had to maneuver in and out, and then I hoped that the horse in front was going to drift

Great Communicator was holding off challenges from Motley and Stately Don, but he is not a strong finisher. In fact, his only victories this season came in a cla and an allowance tace in California. So When Le Glorieux got into gear and found plenty of room on the inside, the leader couldn't hold him off.

Le Glorieux won \$450,000, increasing his lifetime carnings to \$802,889. The International's crowd of

20,654 was somewhat of a disappointment, since the presence of the Soviet horse had figured to be a box-office attraction. But the crowd bet \$2,813,300, an all-time Laurel record, on the 11-race pro-

SCOREBOARD Hockey

NHL Standings WALES COMERRENCE Islanders (on Froese) 7-15-10—32.
Edimentan 1 2 3—5
New Jersey 2 3 1—6
Verbeek 2 (9), Sullimon (1), Losaile (7),
Muller (2), Sandshrom (3); Kurri (6),
McMurchy (1), Messier 2 (9), G. Anderson (10), Shets on seal; Edmonton (on Chevrier)
10-9-14—22; New Jersey (on Fuhr) 7-10-18—27.
Philiadelphia 2 1 1—4
Turpson (3), Francis (3), Dinsen (7), Kleinendons (1), Tippelit (4), Williams (2), Gavin (2), How (1), Eklund (1), Morsh (1); Shots on seal; Philodelphia (on Weeks) 15-74—23; Hariford (on Hextoli) 16-16-9—39.
Pittsburgh 1 2 1 1—5
Quebec 2 2 0—6
Lemieux 2 (13), Montho (1), Siassen 2 (9);
Brown (5), Gillis (1), P. Slesshy (12), Flim (1), Shots en easi; Pittsburgh (on Brunetto) 13-8
H14—35; Quebec (on Riggin) 3-11-14-2—30.
Boston 0 2 1 0—3 Is Division
W L T Pts GF GA.
4 4 0 12 44 42
5 4 1 11 23 23
5 5 1 11 45 43
4 5 2 10 17 40
2 5 7 7 28 32 He Division
6 5 0 12 47 41
5 5 1 11 44 44
5 4 0 10 28 29
3 7 1 7 27 45
2 6 1 5 31 37 Boston 9 2 1 8—3 Montreal 0 1 2 8—3 Courtnell 2 (3), Neely (9): General (1), McPhye (5), Chellos (6), Shots on east: Boston (on Haryward) 129–7-1—30; Montreal (on Le-metin) 7-10-1—27.

PRIDAY'S RESULTS

Mostreal 2 2 1-5
Derrott
Corson (4), Chelios (5), Ludwis (1), Smith
(2), McPhee (4); Aghten (2), Murphy 2 (2),
Probert (4), State on speci. Mont. (on Hankin)
10-18-18-30; Det. (on Horword) 9-18-6-31.
Los Angeles 1 2 2-5
Suffolo

Buffolo Gilles (4), Arniel (1), Creighton (1), Krupp (1), Housley (8); Paterson (1), Sacts on seel: Los Angeles (on Puppa) 11-69—24; Buffolo Jon Melanson) 13-9-8—30.

European Soccer

SPANISH PIRST DIVISION
Athletic de Bilbag C. Reel Modeld 0
Celto 2. Reel Modeld 0
Español 2. Zarogaso 1
Learones 0. Barcelona 1
Atletico Modeld 3. Valledolija 0
Sabadeli 0. Reel Sociedad 2
Molloros 1. Murcia 3 Majorcu 1, Murcia 3 Seville 0, Osasuna 2

Codiz 2, Las Pali Votencia 1, Gijan 1 Points: Real Modeld 17; Affectico Modeld 14; ic Bilboo, Codiz 11; ITALIAN FIRST DIVISION

Florentino 4, Pescora 8 Juventus I. Aveilino 0 AC Allien 0. Torino 8 Nopeli 2, Empeli 1 Pisa 2, Internazione

Remg 3. Come 1
Sempdorfo 4. Casend 1
Points: Nosel 13; Roma, Sempdorfo 10;
Florentino, AC Millon 9; Juventus, Inter Millon 6; Verona, Torton, Pascara 7; Ascell 4; Plsa5;
Come 4; Ceseno, Aveilino 3; Emipol -2.
EMGLISH PIRST DIVISION Chariton 1. Southernston 1 Chelses 2. Oxford 1 Derby 2. Covenity 6 Monchester United 2. Notlineho Newcostle United 3. Arsend 1

Liverpool 2, Everton 0
Polark: Liverpool 31; Arsenol, Queens Pork
29; Nottingham Forest 27; Manchester United,
Chelseo 25; Everfon 22; Tottenhorm 20; Southamoton, Oxford 17; Derby, Coventry 16; Winbledon, West Ham 15; Newcostle, Portemouth
13; Luten, Sheffield Wednesday 12; Norwich
11; Watford 8; Cheriton 6.
FREMCH FIRST DIVISION
NICE 0 Manaco 0
St. Ellentte 8, Toulon 9
Motro Rocking 1, Bordeaux 9
Nortes 2, Connes 1
Next 2, Niort 0

Auxerre 3, Poris-St. Germoin 0 Marseille 1, Toulouse 0 Lens 2, Montpell Brest 2, Lille 2

Laval 4, Le Havre 3 Points: Monoco 25: Points: Monaco 25; Nortes, Bordeoux 21; Metz, Morro Rocins 20; Morseille 19; Austerne, Niort, Connes, St. Erlenne 18; Montpellier 17; Toxion, Lifle 16; Nice, Toulouse 15; met June 14; Ponts C Geometri 17; Roseille 14; Ponts C. Lavol, Lens 14; Paris-St. Germain 13; Brest.

WEST GERMAN FIRST DIVISON WEST GERMAN FIRST DIVISON
Werder Bramen 2, Eintracht Frankfurt 8
Cologne 1, Homburg 0
Nurembers 2, Honover 1
Stutigert 4, Boyer Leverlouist 1
Boyer Uerdinsen 2, Borusska Dermund
Boyern Munich 2, Bochum 0
Karlarute 2, Homburg 1
Kolsersloutern 2, Woldhof Mannhelm 2
Boruska Mänchenslodboch 1, Schalke 0
Pelests: Werder Bremen, Cologne 22, Boruska Mänchenslodboch 11
Munich 22, Borusska Mänchenslodboch 119.

Football

sont: Colsory (on McLson) 6-11-44—25; Van-couver (on Vernon) 11-15-41—33.

Selected College Results
SATURDAY'S RESULTS
EAST

SATURDAY'S RESULTS

8 0 2-2

N.Y. Rengers

2 3 3-8

Motole 2 (4), Sutter (6), Trottler (7), Kino

(1), La Fonticios (8), Kerr (4), Gilbert (1);
Poddubny (10), Dionne (7), Shels on seel:

N.Y. Rangers (on Hrudey) 17-11-9-37; N.Y.
Islanders (on Froese) 7-15-10-32.

Edmentins

1 2 2-5

New Jersey

2 1 1-6

New Jersey

(1) Suttleme (7) EAST
Amherst 14, Tuffs 13
Army 17, Temple 7
Bottes 44, Colbry 28
Besten Col. 29, Tempessee
Bucknell 29, Cornell 6
Cosst Guard 39, Trinity 6
Colgate 35, Latinyaits 14
Connecticut 34, Villanova 2
EastMoon 35, Iona 36, Iona Horverd 14 Brown 9 Lehigh 26, Columbia 10
Mains 27, Deloware 56
New Hampsthre 28, Rhode Island 14
Northeastern 51, S. Connecticut 10
Penn 51, 25, W. Virsinia 21
Princeton 17, Penn 7
Richmond 31, Baston U. 24
Syrocuse 24, Phitsburgh 10
Uolon 31, Williams 7
Wesleyon 13, Bawdoln 12
Yole 17, Dartmouth 7
SOUTH

Weshington 1 8 2 8-3
Minesota 1 8 2 8-3
Ridley (4), Stevens (1), Hunter (5); Actor 2
(4), Broten (4), Stevens (1), Hunter (5); Actor 2
(4), Broten (4), Stevens (2), Minesota (on Motor-chult) 5-8-11-0-24.
Chicoso

Akron 23, Nicholis St. 17 Akron 23, Nicholis 51. 17 Boll 81. 42, N. Illinois 17 Cent. Michigon 20, W. Michigon Celoredo 42, Iowe 51. 10 Droke 34, Concordia (Was.) 13 E. Michigon 34, Ohlo U. 16 Illinois 27, Mirnesota 17 Indiona 51. 24. S. Illinois 15 Iowa 29, Indiana 21 lows 29, Indiana 21 Kent St. 17, Toledo 13 Miami (Obio) 17, Bowling Michigan 29, Northwester Michigan St. 13, Ohio St. 7 Nebroska 42, Missouri 7 Notre Dame 56, Navy 13

SOUTHWEST Arkenses 31. Rice 14 Oklaherna St. 56. Kansas St. 7 Oktohoma St. 56. Konsos St. 7 Texas 41. Texas Tech 27 Texas ALM 22. Louisiana Tech 3 Texas Christian 25. Houston 7 Texas-El Pasa 34. New Maxico 8 Tuisa 26. Louisville 22 FAR WEST

Son Diego 7, Sonto Borboro 8 Son Diego St. 29, Howaii 21 Son Jose St. 24, Utah 51, 14 UCLA 31, Arizono St. Uloh 31, Boise St. 27 Woshington 21, Cregon St. 12 Wyomine 20, Colorado St. 15

CFL Standings

x-Edmonton x-Calgary Saskatchem

Transition

BASKETBALL DALLAS—Waived Dennis Nutt, Sucrt.
DENVER—Signed Elsten Turner, guard.
HOUSTON—Waived Andre LaFleur and Suttle, guards. FOOTBALL,

Consider Feetball Lacque
CALGARY—Activated Bruns Geramic.detensive back, from the practice rester. Acti-vated Harold Hallman, defensive tackle, from he reserve list. Pisced David McCrary, cor-meteoric and Kent Warnery, defendate and on merback, and Kent Warmock, defensive end. on the reserve list. Placed Kirby Warren, running back, on the procitice roster.

HAMILTON—Activated Alvin Balley, detensive back; Dan Huchack, running back and Anthony Ketchum, wide receiver, from the practice roster, Activated Jacques Chaptelaine, statback, from the disabled list. Placed Tony Champion, wide receiver, and Mark Napierkowski, defensive lackie, on the reserve list. Placed Lance Shjelds, defensive reserve list. Piaced Lance Shields, defensive back, on injured reserve. Released Jeff John-son, running back; Mitchell Price, defensive ated David Da fensive back: Bruce Elliett, Insebacker, and Gene Thomas, wide receiver, from the proc-tice rester. Activated Gilgert Restrate, quar-terback, from the reserve list. Placed John Congenti, quarterback; Deron Major, defen-sive back, and Brion Walling, running back, on the reserve list. Placed Stanley Johnson, wide receiver, on the Practice ruster. WINNI PEG-Activated Sheldon Galess, wide receiver; Ston Mikawas, defensive took le, and Ed McQuarters, suard, from the prac-tice rester. Placed Jorns Murphy, wide re-ceiver, and Kan Winer, wide receiver, on the reserve list. Released Nick Bastala, guard; Eric Ernery, linebackor, and Bennie Thomp-son, defensive back. ve back; Bruce Ellight, Inc Thomas, wide receiver, in

son, defensive back.
National Football Leaste
ATLANTA—Signed Chris Miller, quarter-ATLANTA—Starra Contract.

BUFFALO—Starrad Cornellos Bennett,
inebacker, to a five-veor contract.

GREEN BAY—Activated Brent Moore, defensive end, from injured reserve. KANSAS CITY—Signed Mark Keel, fight and. Placed Gary Baldinger, defensive linenon, on injured reserve. L.A. RAMS—Traded running back Eric olis for running back Owen GRI, first- and second-round droft choices in 1968 and a second-round droft choice in 1989. Acquired running back Grea Bell, a

Auto Racing

JAPANESE GRAND PRIX

1.34:34.551.
7. Alain Proof, France, McLaren TAG;
1:32:57.440; 1 lop behind.
8. Jonothan Polymer, Britain, Tyrrell Ford;
Men's Tournament

1:33:45/76; 1 icp. 9. Eddle Cheever, U.S. Arro 1:33:57.593; 1 kgs. 18, Derek Warwick, Britain, Arrows Mega-tron; 1:34:42.276; 1 kgs. hren: 1:24:42.278: 1 los.

DRIVER STANDINGS

1. Neises Pleuel, Brozil, 73 points.

2. Nipel Mansell, British, 61.

3. Ayrino Senna, Brozil, 57.

4. Aldin Prost. France, 45.

5. Strion Johnston, Sweden, 35.

6. Gerhard Berser, Austria, 27.

7. Tee Fobl. Italy, and Thierry Seu

9. Michele Alboreto, Italy, 11. 10. Eddle Charver, U.S., 8.

first round draft choice in 1988 and first- and second-round draft choices in 1989 from the Buffate Bills, who received the rights to line-backer Connellus Bennett from Indianopolis, MIAMI—Activated John Offerdohl. linebocker Carnellus Bennett from Indianopolis, MIAMI—Activated John Offerdohl, line-bocker; Ressie Roby, sunter, and Tom Brown, fullback from Intured reserve. NEW ENGLAND—Activated Ressie Dupard, running back, from intured reserve. SAN FRANCISCO—Activated Jeff Bressl, suard, from Intured reserve. Placed Guy Mc-intyre, guard, on Intured reserve. HOCKEY

HOCKEY
National Hockey League
EDMONTON Recalled Tom Mc/ forward and Jim Wiemer, detensionan from Nova Scatta of the American Hockey Leasus. N.Y. RANGERS—Recalled Mike Donnelly. left wing, from Colorado of the Interno Hockey Lague.
PHILADELPHIA—Signed Nick Foffe, left

NORTHEAST LOUISIANA—Announced that Kelvin Colfins, guard, bas quit the basistbell feom. UNION COUNTY (N.J.)—No

Dusson besketball coach.
HULA BOWL—Named Mike White of IIII-nois the East coach; Terry Donahus, of UCLA the West coach; Mike Gottiried, Pittsburgh, and Joe Morrison, South Caroling, East assistant coaches, and Bob Wage

Tennis

Women's Tournaments WICHTMAN CUP (At Williamsbord, Virginic) (United States S. Britoin 2) First Rosed Zing Garrison, U.S., def. Anne Mobbs.

Lori McNell, U.S., def. Sara Gomer, Britain, Second Round
Porn Shriver, U.S., def. Jo Durie, Britain, 6-1,

Gipi Fernandez and Robin White, U.S., def. Pom Shriver, U.S., def. Anne Hobbs, Britain Jo Durie, Britain, def. Zina Gerrison, U.S.,7-6 (7-5), 6-3, Jo Durie and Anne Hobbs, Britain, def. Zina Garrison and Lari McNeil, U.S., 0-4, 6-4, 7-5.

(At Zurich) Quarterfinals
Steff Graf (1), West Germany, def. KaterIna Maleeva (5), Bulgaria, 4-2, 4-2,
Hana Mandilitova (2), Cascheslovakia, def.
Judith Wiesner, Austria, 4-3, 7-8,
Manusia Moleeva (3), Bulgaria, def. Raifoetia Resel (7), Italy, 4-2, 4-4,
Manusia Tarakia, Bassa, 4-4, Cartation 1. Gerberd Berser,
hour, 32 minutes, \$5.972 seconds; avenues peed (20.530 mph (192.89)
2. Avrhon Senda, Brosil, Lotus Hondo;
1:33:15.456.
3. Stefon Johansson, Swedn. McLaren
TAG; 1:33:15.766.
4. Michele Alboreta, Italy, Ferrori;
4. Michele Alboreta, Italy, Ferrori;
1:34:18.513.
Boutsen, Beigium, Benetton
Graf del. Malerva, 6-4, 6-7 (6-8), 6-1,
Mandilkova del. Tauziat, 6-1, 3-4, 6-3.
Final
Final

Quarterficeis Ivan Lendi (1), Czechoslovakia def. Tim ne. U.S., 6-1, 6-1. Pot Cost. Austrolia def. Wolfak Fibak. Po-Dert, U.S. 4-2, 4-4. Lendi def. Cash, 6-4, 7-4. Mecir def. Wilander, 6-1, 6-5.

Fleet Lendi det, Macir, 57, 61, 64, 63.

Kenyan Ibrahim Hussein couldn't beat stakes horses in France, and scored his only victories when he shipped to West Wins New York Marathon

The Associated Press NEW YORK — A confident Ibrahim Hussein of Kenya camphi pacesetter Pat Petersen shortly past

pacesetter rat Petersen snortly past the 14-mile (22.6-kilometer) point and coasted to victory in Sunday's 18th New York City Marathon. Hussein, ninth in the 1985 race in his marathon debit and fifth last year, was times 2 hours, 11 min-

utes, 1 second. the way in easily winning the wom-en's title in 2:30:16. Welch, who will be 43 on Nov. 22, is the event's oldest women's winner; Miki Gor-man was 42 years, 75 days when she won for the second consecutive

for Hussein, 29, a formes West-

tersen set a blistering early pace, role in a weak International field.

Opening a 35-second lead at five

Refore the race Collet cold per

after the halfway point. Petersen hung on to second most of the rest of the way before being overtaken in the closing stages and placing fourth in 2:12:03, behind Gianni DeMadonna of Italy (2:11:53) and Pete Pfitzinger (2:11:54), the 1984 U.S. Olympic Trials marathon winner. Tommy Ekblom of Finland finished fifth in

2:12:31. The race attracted a record field

of more than 22,000.

Hussein, the first African to win here, ended a string of three conhalf-mile in :46-3/5. For Hussein, 29, a former Western Athletic Conference steeple chase champion at the Hussein, the first African to win here, ended a string of three consecutive victories by Italian runners. Orlando Pizzolato wom in 1984 and 1985, and Gisami Poli triumphed last year. This time Pizzolato and "very confident" of the ran "scared."

"I think you will see some some some poly will see and string the ran "scared."

"I think you will see some some some some before the 10-mite mark. Hissein and Welch each collected such as the poly of the 1984 and 1985, and Gianni Poli for the lead. But he couldn't get through cleanly, and jockey Cash zolato faded to sixth and Poli never Asmussen steadied him, losing his



TOO MUCH - Marie Jonego of Cameroon cried out in pain Saturday after faltering at the women's world weight-lifting championships in Daytona Beach, Florida. Jouego lost control of the 62.5-kilogram bar, which fell on her back.

PARIS — Something has gone wrong at the Pompidou center, as many visitors have observed and as Pontus Hulten, the first director of the center's museum, is among the first to admit. The crowds are still huge, the hustlers and jugglers in front of the entrance are as intrusive as ever, the schedule of coming events as

MARY BLUME

crammed. But after a brilliant and tumultuous start 10 years ago, the center has settled into uneasy middle age compounded by staff resignations and sinking morale. Hulten says it's hard to know

exactly what has gone wrong or what should be done. "Frankly I cannot answer because I've been so depressed by the place that I haven't gone," he says. Hulten directed the museum from its inception until 1981 when he left to head the Los Angeles Museum of Contemporary Art. He has had two successors, both of whom have resigned. "It is as if the place had stopped," Hulten says.

Now there is every reason to hope that it will start up again. This Monday Hulten returns to the Pompidou center, appointed by the Ministry of Culture to a two-year tour as consultant not only on the museum but on all the center's activities. His small office is over a butcher shop in a building next to the center, a choice that is in many ways symbolic.

The office overlooks the Stravinsky fountain made by Jean Tinguely, Hulten's friend since they both came to Paris in the 1950s, and Niki de Saint Phalle. The butcher shop is there because from the start Hulten fought to have the center impinge as little as possible on neighborhood life. His office is not in the main building because he has long campaigned to have all offices moved out in order to provide more exhibition

space.
"I don't think the staff need seven-meter-high ceilings," he

Beaubourg, as the center is popularly known, was the last exam-ple of the 1960s idea of the museum as a cultural center. The recent decade has seen the museum as an object of display, civic, corporate and, above all, architectural (few



"I've been so depressed by the place that I haven't gone," says Pontus Hulten as he returns to the Pompidou center.

people talk about the inside of which is now reserved for histori-James Stirling's Stuttgart muse-

um). What the coming decade will bring. Hulten says, depends on which city one is talking about. ain's backbiting art establish-ment) Hulten, 63, is a Swede who tion of an ideal museum. Each city's needs are different and also tions - you have to fit into what Understandably reticent about before being named director of specifics so early in the job Hulten has a general view of Beaubourg's function at the present time. "I 1973. He is at present head of the FIAT-backed Palazzo Grassi in would like for museums to be since it involves organizing only more like reference places where one exhibition a year.

A genial man and an enthusias-tic sailor (he took his sailboat to Los Angeles and to Venice). Holten is an astute politician in the widest meaning of understanding that would be that living artists very well whichever polis he hap-would show on the fifth floor, pens to find himself in. Widely criticized for not being French when he was appointed to Beaubourg, Hulten says with a smile that this turned out to be a great

"It certainly helped me in

At the beginning he had to fight criticism of the building's tinker toy architecture and the fact that

"The Beaubourg effect has been

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votes if you support contempo-rary art. So what's happening in France in general is that museums and exhibition spaces around the country have changed their pro-grams radically. Paris has become a most active and adventurous site

While in Paris Hulten will over-see the final planning and open-ing in the fall of 1988, of the

some, which it may be," Hulten

Such institutions as Black Mountain College and Prince-ton's Institute of Advanced Study have provided inspiration, as has, inevitably, the Bauhaus.
"The Bauhaus is different,

though, because it was in a small city. Both Weimar and Dessau were rather tiny — it was similar to a regiment in a small city where the professors were the officers and the students the enlisted men.

"I think today it would be totally out of the question to try something like the Banhaus. In Paris the great personalities will be there for a short time and you have to get the maximum out of that time. Buckminster Fuller always started his lectures by saying. We will be together two or three hours, this is the unique concentration is important - if you have somebody who is an authority and you want to talk to him about what he knows best, why shouldn't it work?"

Hulten's first shows after Beaubourg's opening were what he lightly referred to as Ping-Pong blockbuster exhibitions such as Paris-New York and Paris-Berlin and Paris-Moscow that flattered France's image of itself as the birthplace of modern art and that by emphasizing the past glossed over the barren contemporary French art scene.

"The beginning of the century had not been dealt with in a coherent way, and as much of what happened happened in Paris it was logical to bring these facts together and show how the begin-ning of the century was formed in a dialogue between Paris and other parts of the world," Hulten

He thinks that today the time France: how to celebrate the bi-centennial of the French Revolution in 1989.

Scabs, Ginks and Finks

By William Safire

the professional football played by replacements or substitutes by such sportswriters as Tony Kornheiser of The Washington Post. The owners' use of scab labor — usually a union member's derogation of an employee who works during a strike - prevailed, and the players' strike was broken.

The use of the word is intended been so many dirty Scabs."

In 1792, a writer in "Early En-

which may have changed in a de

Or maybe not. Flexuer's new Random House unabridged dictionary speculates that, in German Fink is the name of the bird we call the finch, and also refers colloquially to an undesirable person. In German compounds, the syllable is

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My colleague in columny, Russell Baker, nobody's Schmierfink, was moved before Labor Day to evoke a song best known to labor skates: "Let us disturb the bottomline dispassion of this once-famous Journal in 1777, writing about a strike in a cordovan shoe factory:
"Matters are amicably setiled... The Conflict would not sheriffs that made the raids." The tune is 'Redwing.' Ready?"

I am unready to be sidetracked from fink. (Goon is a hired thug, perhaps derived from the 1580s En-

ALTHOUGH scab's slang 'snitches' and 'finks' and often demoting or firing them."

Fink is also a verb - "to inform on," or otherwise to play the contemptible fink - aithough the current use of out as a verbifying phrase-maker has led to the expression to fink out. I would resist this latest nonce use, as it detracts from the power of the single-syllable der-

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bitions should concentrate more

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bourg, rather than continue with

the historical shows. A symbol of

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One of the best known figures on the international art scene ("He has an appallingly shiny rep-utation," says a member of Britwas the first director of Stock-holm's Moderna Museet and who had mounted shows at the Stedelijk in Amsterdam and New York's Museum of Modern Art the unbuilt Pompidou museum in Venice, a position he will retain

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France to be a foreigner. There are lots of things that you don't have to know about. Also, you are not so to speak in one clan or anoth-

the museum's collection was sparse indeed. During his tenure the collection expanded splendidly but getting the French to accept contemporary art was more diffi-cult. In the six years that he has been away, he thinks the situation has greatly changed.

in operation in the sense that politicians have understood on a very broad level that you don't lose great even if it is also very tire-

for contemporary art."

Institut des Hautes Etudes d'Arts Plastiques, the long-delayed multi-discipline arts study section of the Pompidou center. The institute, which will be lo-

cated in a fine late-Gothic building on the Left Bank that served lately as a fire station, will enable a small multinational group of young artists to live and work with visiting professors.

"I think we'll be able to get very good visiting professors because the chance to work with brilliant

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for huge pedagogical shows is past although he is in favor of smaller ones. One of the first challenges will come in the form of a subjec that is causing headaches right now in institutions throughout

> "I think we should do a very beautiful exhibition on a very international subject and not try to make a commemoration," Hulten says. "It should be more like a gift than anything else."

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LANGUAGE

WASHINGTON — "Scab Ball" was the label pinned on

to impute disgust. From the Old Norse, scab means "crust that forms over a wound or sore," and is akin to the Latin scabere, "to scratch." Although most lexicogra-phers had long thought that the slang term was an Americanism, the Oxford English Dictionary's Supplement tracks the strike-related meaning to a British publication, Bonner & Middleton's Bristol tled. . . The Conflict would not been [sic] so sharp had not there

glish Trade Unions" defined the term somewhat heatedly: "What is glish dialect word gony, "simple-a scab? He is to his trade what a ton," and popularized by the hairy a scale? He is no his trade which a traitor is to his country. . He creature Alice the Goon in the cartirst sells the journeymen, and is himself afterwards sold in his turn only for 'jerk' may come from by the masters, till at last he is despised by both and deserted by all." Substitute players for journeymen, and owners for masters, and you have a fairly current description of the fix some of the replacement players now find themselves

Other synonyms for strikebreaker include blackleg, jackleg, red apple, scissorbill, rat and the ever-pop-

"Fink came into the language in 1902," says the lexicographer Stu-art Berg Flexner, "probably as a clipping of *Pinkerton*, with the p changing to f in pronunciation."
Allan Pinkerton (General George
B. McClellan's Civil War secretservice chief) founded a detective agency that later gained ill fame as an organization of strikebreakers hired in 1892 to fight the workers in the Homestead strike against Carnegie Steel. As the language scholar H.L. Mencken's American Mercury was the first to point out, in 1926, the Pinkerton agents were then reviled by unionists as pinks.

used to impute untrustworthiness:
a Duckfink is a sycophant and
Schmierfink means a "sloppy writer." That's a less likely etymon than

the mispronounced Pinkerton (whose symbol, an open eye with the slogan "We never sleep" under it, gave us the expression private

meaning is limited to labor lingo, fink has broadened to include any dirty, low-down, miserable object of scorn. As early as 1903, the humorist George Ade was writing that "Anyone who goes against the Faculty single-handed is a Fink." In a piece on corporate ethics in last month's Business Month. mas J. Murray wrote: "It is no secret, for example, that most senior executives are contemptions of whistle-blowers, labeling them

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